

12 November 2007

PHARMAC STAKEHOLDER SURVEY

I am pleased to provide you with a summary of PHARMAC's stakeholder survey carried out by survey company TNS. Given the importance I attach to the survey results, and to the subsequent activity we will engage in, I have developed this summary document (attached) to be read in conjunction with the TNS report. The full report is provided with this document.

I am also pleased to invite you to attend the *PHARMAC Forum* on 3 December. More details on this event are provided later in this letter.

The TNS survey was undertaken to help us better understand the views of our stakeholders. On our behalf, TNS selected (undisclosed to PHARMAC) representatives of:

- consumer groups;
- medical groups;
- pharmaceutical companies, both branded/researched and generic;
- pharmacists; and
- General Practitioners.

We chose in-depth interviews for the survey, to benefit from the detailed and comprehensive views that such a discussion generates. Those discussions take time, and I am grateful to those who gave up their time to share views with TNS.

The survey was a valuable and humbling exercise, and has provided us with some positive ideas for improving the way we interact with stakeholders and go about our business. The survey findings reinforced the feedback we heard in consultation meetings as part of Hon Peter Dunne's work to develop a medicines strategy for New Zealand.

As well as reinforcing a number of positives about PHARMAC's operations, there were criticisms and helpful suggestions for areas where we can do better. There is always room for improvement, and we will improve. Some comments, however, reflected different understandings about PHARMAC's role and operations, and illustrate the continuing need for effective communication on our part.

It's clear that we need to better explain our role in prioritising pharmaceutical spending. Prioritisation is not a popular term, but it is the core of PHARMAC's role and central to getting the best health for New Zealand overall. Exactly where priorities should lie is always an area of debate, and one where our stakeholders can and do put views forward. Good prioritisation means – whatever the budget level – that better health outcomes are achieved and more medicines likely funded than would otherwise be the case. This has to be good for all concerned.

Working more closely with our stakeholders, and better understanding their views, will keep ensuring that PHARMAC bases its decisions on the best possible information. However, given the difficult trade-offs that must be made, PHARMAC will never be universally "liked". The reason for better understanding stakeholders views is to ensure we remain up-to-date with stakeholder views, and that they are well thought through in our decision-making.

With a view to further opening communication channels, we are holding a *PHARMAC Forum* in Wellington on 3 December. The Forum will be an opportunity to discuss the stakeholder survey findings, and to freely share views and suggestions for further improvement. If you would like to attend this event but have not yet received an invitation, email us at forum@pharmac.govt.nz. Quite separate from the Forum, further direct dialogue with stakeholder groups will also be important.

The survey has been a very useful initiative for us to better understand stakeholder views. I welcome ongoing feedback from stakeholders and look forward to further work together in the future. You have my commitment that PHARMAC is taking its communication and stakeholder engagement activity very seriously. We also welcome the ongoing ideas and efforts of others to improve our understanding of each other's operations and views, and the quality of our relationships generally.

Yours sincerely



Matthew Brougham
Chief Executive (Acting)

Stakeholder Survey 2007 Summary of findings

Overview

This document is PHARMAC's summary of the 2007 stakeholder survey carried out by TNS. This document is structured into four parts:

- a summary of positive comments about PHARMAC and its operations;
- a summary of criticisms made about PHARMAC and its operations;
- suggestions for improvements to PHARMAC's operations; and
- misunderstandings.

This summary is an addition to the full TNS report, which is available at www.pharmac.govt.nz.

Positives

There were a number of positive comments in the survey report about PHARMAC and its performance. These comments illustrate that PHARMAC is regarded as a capable organisation that carries out its role well. There is clearly a strong base for PHARMAC to build its stakeholder relationships from.

Examples of sentiments expressed in the survey report:

- PHARMAC is perceived to be very successful at operating within its given budget: the organisation is very successful in keeping a lid on total drug spending in New Zealand ... Many stakeholders report (in some cases grudgingly) that PHARMAC operates very successfully in a "tough" operating environment;
- Medical groups, consumer groups, general practitioners and pharmacists described PHARMAC as acting as a buffer between the pharmaceutical companies and New Zealanders, countering their free market "clout" and negotiating down the prices of drugs;
- Individuals within PHARMAC are well respected and seen as intelligent, well qualified, and, above all, professional ... PHARMAC is seen to be a "professional", "evidence-based" organisation, whose staff is highly professional;
- Some pharmaceutical companies have found PHARMAC staff "more constructive and less abrasive" to deal with in the past year. They report that interactions and communications have improved in terms of advice, guidance, forewarning of supply issues, more openness and exchange of information; and
- There is general agreement among pharmaceutical company stakeholders that they trust PHARMAC not to reveal their sensitive business information, and in this context they are willing to discuss future plans with PHARMAC.

Criticisms

Criticisms or negative comments on PHARMAC's activity in the survey included:

- General practitioners and pharmacists perceive that drug choice is becoming increasingly restricted;
- Changes to the Schedule are received "with dread" as a consequence of the angst caused to patients and the additional (and largely unpaid) work involved in managing transitions to alternative drugs;
- Many stakeholders ... perceive a lack of transparency in the decision-making process;
- Pharmacists and GPs perceive PHARMAC's decision making as somewhat "mysterious". They are the transmitters of PHARMAC's decisions, and as such must manage the reactions of patients to the impact of PHARMAC's decisions;
- Consumer groups report being very frustrated with what they perceive as a general lack of communication with the organisation; and
- Many stakeholders perceive that PHARMAC's only concern is the drugs bill. But in keeping this as low as possible, PHARMAC is effectively pushing the long term costs of its funding decisions elsewhere in the health system.

We acknowledge these comments as perceptions held by our stakeholders. Many comments are cause for consistent or additional action on PHARMAC's part.

Suggestions for improvement

Every organisation needs to continually improve. A number of helpful suggestions have been made, both in the survey and in direct dialogue with PHARMAC, for improvements to our business, such as:

- more proactive engagement with consumer groups;
- PHARMAC advocating for a bigger drugs budget;
- a greater presence in Auckland to signal a greater orientation towards the industry;
- some pharmaceutical companies would value the opportunity to have more frequent (e.g. bi-monthly) meetings that are not just project driven, but cover the totality of the company's relationship with PHARMAC;
- more use of electronic technology in the tender;
- the Schedule, particularly the electronic version, could be a more comprehensive information source, such as including drug side effects;
- additional information from PHARMAC could be distributed through General Practitioners, including in waiting rooms;
- extending the operating hours of the PHARMAC 0800 number; and
- greater community representation on the PHARMAC Board.

Again, these constructive suggestions (and others in the TNS report) are welcomed and will be carefully considered.

Misunderstandings

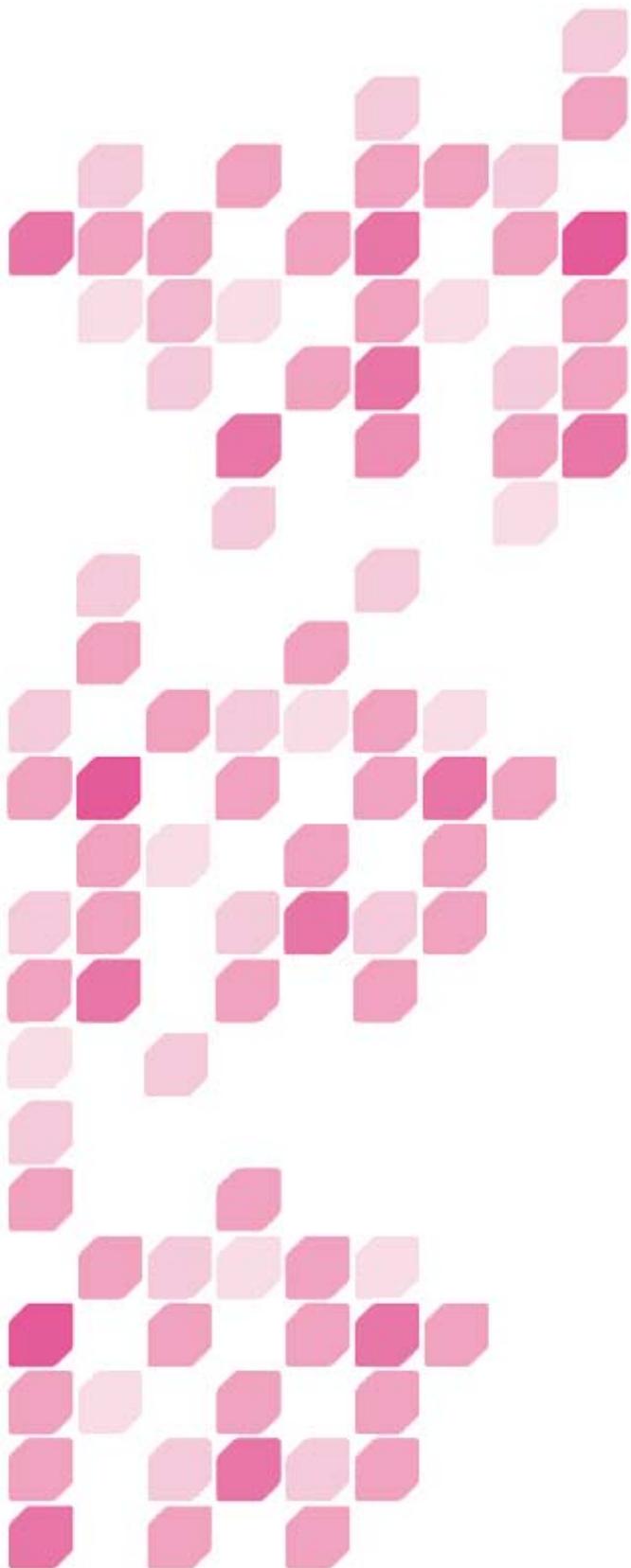
There were a number of comments in the survey report that illustrate potential misunderstandings of PHARMAC's role or aspects of its operations. This suggests PHARMAC needs to be more active in ensuring such matters are clearly explained. Comments included:

- *[stakeholders] complain that they do not know the protocols and procedures involved in many of the decisions made by the agency – there is considerable information available about PHARMAC's policies and procedures, as well as other aspects of our operations such as the Prescription for Pharmacoeconomic Analysis. A considerable amount of information is available on PHARMAC's website;*
- *Pharmaceutical company stakeholders comment that PHARMAC's operating mode, that is, the sole supply tender system, effectively pits pharmaceutical companies against each other – in PHARMAC's view, competition is a healthy ingredient in any market. Sole supply is only one tool we use to make funding decisions and only when sole supply is appropriate; and*
- *There was a comment that PHARMAC had, in fact, underspent its budget, with PHARMAC managers receiving bonuses for doing so – there are no bonuses for PHARMAC staff from underspending of PHARMAC's budget. PHARMAC is required to manage expenditure within a budget. Spending has been managed within 2% of budget over the last few years.*

PHARMAC will continue to try and communicate its role clearly effectively to avoid potential misunderstandings. PHARMAC also continues to welcome direct contact from stakeholders to check information where confusion or uncertainty may exist.

Closing comment

The survey has provided rich feedback and identified areas where we can improve. We will be working hard to further improve engagement with stakeholders to better understand each others' views.



STAKEHOLDERS' PERCEPTIONS OF PHARMAC

Qualitative Research Report

Prepared for

PHARMAC

Prepared by TNS NZ Ltd

November 2007

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[Interview Guides](#)

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1.0 Executive Summary

1.1 Background

- PHARMAC, the Pharmaceutical Management Agency, commissioned TNS to undertake qualitative research with stakeholders, to understand how it could more effectively manage stakeholder relationships and interactions.
- TNS undertook a total of n=23 interviews¹ with stakeholders as outlined below. The sample details were agreed on in consultation with PHARMAC prior to fieldwork starting.

	Pharmaceutical Companies	Pharmacists and General Practitioners	Medical Groups	Consumer Groups	Total
In-depth (face-to-face) interviews	3 branded 3 generic	4 pharmacists 4 general practitioners	2	3	19
Telephone interviews	1 branded	-	2	1	4
Total	7	8	4	4	23

Reader note: Some findings in this report may appear to be factually incorrect, however, they are based on participants' perceptions. An important point about perceptions (whether they are true or false) is that they represent participants' reality. Unless inaccurate perceptions are corrected, they remain in people's minds as "the truth".

¹ A profile of the qualitative participants is appended to this report.

1.2 Key Findings

1.2.1 Perceived Role of PHARMAC

- Overall stakeholders have a clear and consistent understanding of PHARMAC's role "*negotiating*", "*regulating*" or "*containing*" the cost of drugs in New Zealand.
- The key issue arising in relation to PHARMAC's role is the organisation's perceived focus on cost, to the exclusion of medical or human factors. This perception colours all transactions with PHARMAC, and the way that PHARMAC's actions are viewed and judged.
- The majority of stakeholders perceive that while PHARMAC has been effective in reducing the national drug spend, this has come at the cost to health end users (i.e. patients). The view is that PHARMAC's perceived fiscal focus mean health end users in New Zealand are not getting access to the best medicines used in other countries.
- Consistent across all stakeholder groups was an assertion that PHARMAC should be advocating for a higher health spend, not just "*zealously*" sticking to the allocated budget.
- In regards to drug safety, stakeholders have a good understanding of the boundaries of PHARMAC's role vis a vis MedSafe.

1.2.2 Perceived Operating Environment

- Stakeholder's understanding of the PHARMAC's operating environment differed across the groups.
- Many stakeholders report (in some cases grudgingly) that PHARMAC operates very successfully in a "*tough*" operating environment. Medical groups, consumer groups, general practitioners and pharmacists describe PHARMAC as acting as a buffer between the pharmaceutical companies and New Zealand, countering their free-market "*clout*", and negotiating down the prices of drugs.
- Many stakeholders also suggested that PHARMAC's operating model is inflexible and rooted in the circumstances in which it was formed. PHARMAC is seen as a political entity but it is rarely described in political terms: many stakeholders describe PHARMAC's motivations as overwhelmingly fiscal.

- Pharmaceutical companies are more critical in their account of PHARMAC's operating environment. In some instances criticisms made by pharmaceutical company stakeholders are trenchant:
 - PHARMAC is seen to have created an adversarial operating environment, and has pitted pharmaceutical companies against each other.
 - PHARMAC is perceived as having failed to differentiate generic drug companies from branded drug companies in its communications and dealings with the media, effectively tarring them with the same brush (i.e. as greedy).
 - PHARMAC is too powerful and "*holds all the cards*" when it comes to negotiations.

1.2.3 Perceived Culture of PHARMAC

- Individuals within PHARMAC are well respected and seen as intelligent, well qualified and professional. At the same time, PHARMAC's organisational culture is characterised as "*corporate / businesslike*" –with many stakeholders complaining that the agency "*too money-driven*".
- Stakeholder group perceptions of the agency's culture are influenced by the depth and nature of their interactions with PHARMAC.
 - Those with more low-level, prosaic dealings (general practitioners and pharmacists) describe the organisation in transactional, business-like terms, for example, "*efficient*".
 - Similarly, medical groups, whose dealings with the agency are largely limited to formal consultations, describe PHARMAC as "*cordial*" and "*professional*".
 - Many consumer groups have a more complex relationship with PHARMAC and describe it as having an "*arrogant*" or "*indifferent*" culture.
 - Pharmaceutical companies have the most fractious relationship with the agency and use words like "*bullying*", "*unilateral*" and "*defensive*".
- As noted, these complaints stem mainly from the perception that PHARMAC is "*locked in to a money saving mentality*". It was noted that the agency's annual report is written around money saved, not around health outcomes. Another perception is that PHARMAC "*never uses the word patient*" in any of its communications.

1.2.4 PHARMAC's Current Performance

- PHARMAC is perceived to be very successful at operating within its given budget, and keeping the lid on New Zealand's total drug spend. However, many stakeholders question the value of this success if it is at the expense of health outcomes.
- General practitioners and pharmacists perceive that drug choice is becoming increasingly restricted in the country. Changes to the Schedule are received by them "*with dread*" as a consequence of the angst caused to patients and the additional (and largely unpaid) work involved in managing transitions to alternative drugs.
- Other stakeholders report that PHARMAC's responsiveness is lacking, and that interaction with the agency is "*frustrating*". They report that getting answers, explanations and time-lines from PHARMAC is difficult. Consumer groups report having to resort to (what they see as) "*extreme*" measures to get information from PHARMAC, for example, questions in parliament, or requests made under the Official Information Act.

1.2.5 Decision-making

- As outlined, much of the stakeholder frustration with PHARMAC's decision-making stems from the perception that decisions are too fiscally driven. Many stakeholders also perceive a lack of transparency in the decision-making process and complain that they do not know the protocols and procedures involved in many of the decisions made by the agency.
- It should be noted that some high-level stakeholders report that PHARMAC is now a less "*litigious*" organisation than previously perceived, a change welcomed by many as a positive step towards a less confrontational approach to stakeholders on the part of the agency.

1.2.6 Relationship and Interactions with PHARMAC

- Some of PHARMAC's weakest stakeholder relationships are with the branded drug companies. Relationships with this stakeholder group have been "*volatile*" and confrontational in the past, and some remain so.
- PHARMAC's relationships with generic drug companies are more likely to be described as "*satisfactory*" and "*improved*". However, some in this industry sector view PHARMAC's new-found interest in them with some suspicion.

- Pharmacists and general practitioners characterise their relationship with PHARMAC as distant, and in some cases non-existent. These stakeholders may not perceive that they have a relationship with PHARMAC per se, nor consider that PHARMAC would regard them as a stakeholder.
- Pharmacists and general practitioners are subject to PHARMAC's decisions and actions, but have no control or influence over them. They perceive PHARMAC's decision-making as somewhat "*mysterious*", with the basis for decision-making remaining obscure. They are the transmitters of PHARMAC's decisions, and as such must manage patient "*hostility*", "*bewilderment*" and "*angst*" caused by the impact of PHARMAC's decisions on the end users in the primary health care system.
- Pharmacists have more direct contact with PHARMAC compared with general practitioners. As such, they are more familiar with the organisation (for example regularly speaking with representatives via the 0800 number). In general, they see their relationship with PHARMAC as transactional in nature.
- While pharmacists typically do not seek a closer relationship with PHARMAC (because they do not have time for this), they do seek some improvements to the way that PHARMAC operates and communicates with them. Improvements in this regard would benefit the running of their own practices and their relationships with their own customers.
- Medical groups, having the least direct involvement with the PHARMAC, are generally ambivalent in their descriptions of the relationship and interactions they have with the agency.
- Some medical groups feel concerned about the ramifications of PHARMAC's listing and de-listing of drugs on their members. The ramifications for practitioners are more work, angst for patients, and less choice for prescribing.
- PHARMAC's relationships with consumer groups are characterised as both weak and confrontational. Consumer groups do not perceive that PHARMAC has any interest in maintaining a relationship with them, and characterise the relationship as frustrating and one-sided.
 - Consumer groups have difficulty engaging PHARMAC, with some reporting that they would not know how to engage with the agency (i.e. at what level and with whom they could communicate).
 - Consumer groups perceive that they are kept at "*arm's length*", and managed by PHARMAC.
 - They characterise PHARMAC's attitude toward them as "*patronising*".

1.2.7 PHARMAC's Communications

- Perception of PHARMAC's strengths and weaknesses regarding communications differs across each of the stakeholder groups.
- Communications with pharmacists and general practitioners is generally limited to updates to the Schedule. These stakeholders are largely satisfied with the way this transpires but identify some specific areas where improvements/efficiencies could be made, e.g. ensuring that all general practitioners are aware of changes to the Schedule (this does not always happen currently).
- The recent trend of issuing information to pharmacists and general practitioners explaining the reasons for the delisting of a drug has been positively received, and is seen as very helpful in managing the expectations and anxieties of patients. There may be some opportunity to expand the role of PHARMAC's website in delivering practical information to these stakeholders.
- Consumer groups report being very frustrated with what they perceive as a general lack of communication with the agency. Many of these stakeholders report finding out about decisions that directly affect their organisations when these decisions become public. There is a sense that the combined lack of communication and lack of access is the cause of much of the frustration and, in some cases, offence reported by these stakeholders.
- Pharmaceutical companies have more complex relationships with the agency and hence more complex communication requirements:
 - Pharmaceutical companies report that PHARMAC "*holds all cards*" - they perceive an imbalance of information exists.
 - Consultation documents and the consultation process are viewed with some scepticism. It is not seen as a meaningful exchange (described by some as a "*formality*").
- At a more day-to-day level, some stakeholders report that PHARMAC avoids replying to emails and wonder if this is a policy of the agency. They also perceive a recent public relations drive, and describe this as a positive move.
- A minority also noted PHARMAC's involvement in social marketing – one stakeholder organisation applauding the agency for "*wading into*" the antibiotics debate.

1.2.8 Trustworthiness

- PHARMAC is seen to be a “*professional*”, “*evidence-based*” agency, whose staff are “*highly professional*”. Stakeholders trust PHARMAC personnel not to reveal commercially sensitive information. However, the trust vested in PHARMAC is complicated, especially in regards to the pharmaceutical companies.
- Pharmaceutical companies perceive that PHARMAC does not reveal details of their business dealings or planning. However, many stakeholders perceive that PHARMAC “*plays games*” as a result of being privy to stakeholders’ competitive information (particularly around pricing). Some stakeholders perceive that:
 - Pharmaceutical companies are played off against each other.
 - PHARMAC uses pricing information as leverage in striking deals with pharmaceutical companies.
- Stakeholders cite a number of examples to illustrate what they perceive as “*game playing*” as outlined below:
 - One branded pharmaceutical company stakeholder was scathing in its criticism of what it referred to as PHARMAC’s “*media manipulation*” and supply of misleading information.
 - A pharmacist discussed perceptions of what was termed “*horse trading*” conducted by PHARMAC, discussed on an online pharmacy forum.
- In addition, a consumer group stakeholder talked about receiving angry phone-calls from another consumer group in the wake of a funding decision perceived to have advantaged one group at the expense of another.

1.3 Conclusions

- PHARMAC's perceived focus on reducing the national cost of drugs is not always seen as working in the best interests of health end users (i.e. patients). Communicating the basis of decision-making more explicitly could assist with reducing stakeholder frustration in this regard.
- While individuals within PHARMAC are viewed in a positive light overall, the organisation is perceived as having a "*money-driven*" culture. This affects the nature of PHARMAC's relationships and interactions with stakeholders. The two most disaffected stakeholder groups are consumer groups and pharmaceutical companies. Having more open communications with stakeholders generally, and these two stakeholder groups in particular, would likely lead to PHARMAC (as an agency) being perceived in a more positive light.
- Stakeholders's fundamental distrust of PHARMAC is a major barrier to the agency developing more positive relationships with stakeholders. If PHARMAC wishes to get alongside stakeholders more closely, consideration should be given to developing an effective communications campaign that addresses the issues relating to each stakeholder group (as outlined throughout the report, e.g. consumer groups want an effective channel for meaningful engagement with PHARMAC).

2.0 Background

2.1 PHARMAC

PHARMAC, the Pharmaceutical Management Agency, is a Crown entity established by the New Zealand Public Health and Disability Act 2000. PHARMAC is directly accountable to the Minister of Health.

PHARMAC's objective, as per the 2000 Act, is *'to secure (for eligible people in need of pharmaceuticals), the best health outcomes that are reasonably achievable from pharmaceutical treatment and from within the funding provided'*.

2.2 PHARMAC Stakeholders

As per the Statement of Intent 2006/2007, PHARMAC is committed to effective communication with stakeholders, and recognises the importance of communication to building and maintaining stakeholders' confidence in PHARMAC.

Key stakeholders include: the Minister of Health, the Ministry of Health, district health boards, politicians, government agencies, clinicians and pharmacists, the pharmaceutical industry, patients, and patient and consumer groups.

2.3 The Research Need

PHARMAC identified a need to undertake qualitative research with stakeholders, to explore their perceptions of PHARMAC's performance and understanding of PHARMAC's role and processes, with a view to improving stakeholder relationships.

The following stakeholders were specified for inclusion in the research:

- pharmaceutical companies – both branded and generic
- general practitioners and pharmacists
- medical organisations
- consumer organisations.

TNS New Zealand was commissioned to conduct the required research. This document outlines the findings of qualitative research conducted with the above stakeholder groups.

3.0 Research Objectives

3.1 Overall Objective

The overall objective of the qualitative research was to explore stakeholders' perceptions of PHARMAC, and to understand how satisfied they were with their relationship with PHARMAC.

3.2 Specific Objectives

The specific objectives of the qualitative research were to:

- Explore stakeholders' understanding of PHARMAC, including its perceived role, operating environment, and the perceived culture of the organisation.
- Understand perceptions of and satisfaction with PHARMAC's current performance (e.g. accessibility, responsiveness, trustworthiness, and any other factors of importance to stakeholders).
- Understand stakeholders' expectations and needs in relation to their relationship and interactions with PHARMAC.
- Understand from stakeholders how their needs could, where within PHARMAC's control, be better met (i.e. how any gaps between existing performance and stakeholders' needs could best be closed).
- Understand impressions of PHARMAC's communications, including their efficacy (and what improvements, if any, were required).
- Identify opportunities for business improvements by PHARMAC generally.

4.0 Research Approach

4.1 Qualitative Research

A qualitative research approach was used to meet PHARMAC's information needs.

Unlike quantitative research which is concerned with measurement (e.g. prevalence of behaviour, strength of attitudes), qualitative research is concerned with identifying and understanding the range of issues that exist on a given topic, and understanding these issues in depth. It is used to discover the underlying factors that lead to the formation of attitudes, motivate behaviours and influence people's perceptions of the world around them. Qualitative research allows the real issues to emerge, i.e. those which are genuinely important to people and not just those issues clients and researchers feel might be important.

Qualitative research explores not just the **rational**, top-of-mind, conscious perceptions that individuals have but as importantly, it also explores the underlying **emotive** feelings. These are largely unconscious, yet act as powerful drivers of human behaviour.

The key limitation of qualitative research is that the small sample sizes prevent data being subjected to statistical analysis. This means that findings cannot be generalised to the whole population from which a sample is drawn. However, users of qualitative research can have confidence in findings when samples are structured to include key groups of interest (as applied in present research) and experienced qualitative researchers conduct the research (as applied in present research).

4.2 Qualitative Methodologies

4.2.1 Main Methodologies

The main methodologies used in qualitative research are in-depth (i.e. individual face-to-face) interviews, telephone interviews and focus groups.

- An in-depth interview is a face-to-face dialogue between one participant and one researcher. This is the method of choice when discussing personal, sensitive or complex information or when interviewing senior personnel in organisations. The key limitation of in-depth interviews is that they do not allow for discussion and debate as is possible with multiple participants in focus groups.
- Telephone interviews are similar to an in-depth interview in that they are a telephone conversation between one participant and one researcher. This methodology is typically used when it is more cost effective to gather input from geographically spread participants or when a participant/s is not available for interview when face-to-face fieldwork is being conducted in a given location. The key limitations of telephone interviews are as for in-depth interviews above, and that they last for less time than in-depth interviews (meaning slightly less information can be gathered via this methodology).
- Focus groups bring together six to seven similar people, to discuss and debate a particular issue/s. This is the method of choice when identifying and exploring the broad range of attitudes, behaviours and views that exist among a given audience and the context that is driving them. Focus groups are not suitable for interviewing senior personnel in organisations for sensitivity reasons.

4.2.2 Recommended Methodology

Given the potentially sensitive nature of the information required from participants and the seniority of some participants (i.e. CE level), TNS recommended the use of in-depth interviews.

Telephone interviews were also used to accommodate participants who were not available for face-to-face interview at the time these were being conducted.

4.3 Sample

TNS undertook a total of n=23 interviews² as outlined below. The sample details were agreed on in consultation with PHARMAC prior to fieldwork starting.

	Pharmaceutical Companies	Pharmacists and General Practitioners	Medical Groups	Consumer Groups	Total
In-depth (face-to-face) interviews	3 branded 3 generic	4 pharmacists 4 general practitioners	2	3	19
Telephone interviews	1 branded	-	2	1	4
Total	7	8	4	4	23

In developing samples for qualitative research, TNS works on the basis that having n=3 participants in a row or column total provides clients with a good *flavour* of a particular group. Further, while having n=4 participants in a particular row or column total provides clients with findings that they can have confidence in, having n=6 participants enables clients to have a high level of confidence in findings.

The above sample, with a minimum of n=4 participants in each row/column total means that PHARMAC can have confidence in the research findings.

Four interviews were conducted by telephone, for reasons outlined earlier.

4.4 Research Procedure

4.4.1 Recruitment

Participants were recruited from a list of contacts provided by PHARMAC. The list of contacts contained more names than was necessary to meet sample requirements. As is usual in qualitative research, recruitment was done by telephoning potential participants in the order that they appeared on the contact list. When a person was phoned but could not be contacted (e.g. was in a meeting), the next person on the list was called (and so on).

² A profile of the qualitative participants is appended to this report.

Prior to recruitment starting, all contacts on the list were advised by letter about the research (e.g. its nature and scope and encouraging participation in an interview). Participants were then recruited by telephone.

Medical group and consumer group participants were at CE level in their organisation.

4.4.2 Interview Guide

Prior to interviewing commencing, an interview guide for use with each stakeholder group was drawn up by TNS and approved for use by PHARMAC. Interview guides act as a road map for the interview, and ensure that the key objectives are covered in interviews. The interview guides used with stakeholders are appended to this report.

4.4.3 Interview Dates, Venue and Taping

The in-depth (face-to-face) interviews were conducted with stakeholders between 8 May and 20 June 2007. The majority of interviews were conducted at participants' place of business, and lasted about one hour. Interviews were audio-taped (subject to participant's permission) and transcribed to aid analysis.

4.4.4 Incentive

To encourage participation by pharmacists and general practitioners (who are difficult to recruit for in-depth research because of time scarcity), a cash incentive of \$100 was offered. All other participants gave their time without incentive.

Reader note: Some findings in this report may appear to be factually incorrect, however, they are based on participants' perceptions. An important point about perceptions (whether they are true or false) is that they represent participants' reality. Unless inaccurate perceptions are corrected, they remain in people's minds as "the truth".



Research Findings

5.0 Stakeholder's Understanding of PHARMAC

5.1 The Role of PHARMAC

All stakeholders have a clear understanding of PHARMAC's role as the Government's drug purchaser, tasked with keeping New Zealand's drug bill within a defined budget. As such, most see PHARMAC's role as both important and difficult to fulfil in the face of the ever increasing demands on the government's health spend. Stakeholders used words such as "*negotiating*", "*regulating*" or "*containing*" to describe the way PHARMAC keeps drug prices down.

Generally, stakeholders perceive that since its inception, PHARMAC has done a service to tax payers by reducing the national drug bill. There is some feeling among doctors and pharmacists that pre-PHARMAC, New Zealand's drug bill was "*out of control*" and that as a result of PHARMAC's existence and efforts, this spending has been brought in check.

There is, however, a dichotomy at work: savings to tax payers are seen to have come at a "*cost*" to the end users (i.e. patients) of the New Zealand health system. Many stakeholders perceive that PHARMAC is pursuing a cost-cutting approach as its main priority and that, as a result, New Zealanders are not getting access to the best medicines used by its contemporaries (e.g. Australia, the United Kingdom and European countries).

There is a majority view that, whilst PHARMAC has "*cut fat out of the system*", resulting in a lower national drug bill, it has "*now gone too far*", and is starting to compromise medical outcomes for New Zealanders by restricting the range of available drugs.

Pharmaceutical companies are concerned that PHARMAC's "*narrow*" view of public health is fast creating a "*commodities trading market*", which has seen research-based pharmaceutical companies moving off-shore.

Other stakeholders report that the impact of PHARMAC's role has left doctors and their patients with *less choice* in terms of medicines. There is widespread concern that New Zealanders are not getting access to "*state of the art*" medicines, and that, as a consequence, savings in pharmaceuticals translate into costs in other areas.

Many stakeholders perceive that PHARMAC's only concern is the drugs bill. But in keeping this as low as possible, PHARMAC is effectively pushing the long term costs of its funding decisions elsewhere in the health system.

Consumer groups particularly perceive that too often their members' needs come second to PHARMAC's fiscal imperatives, and patients must make do with cheap, generic medicines that are not as effective as more expensive, branded medicines. These stakeholders comment that PHARMAC is too narrowly focused on immediate cost savings, without regard for other 'indices' such as quality of life, a patient's potential ability to return to normal non-work activities or a patient's potential ability to return to the workforce.

Some stakeholders even suggest that PHARMAC should be advocating for a higher health spend rather than maintaining the current budget.

There was a comment that PHARMAC had, in fact, underspent its budget, with PHARMAC managers receiving bonuses for doing so. Stakeholders who commented on the reported underspending felt strongly that PHARMAC should be fiscally "neutral", that is, not coming in under budget (and certainly not providing incentives to its managers to do so).

Different stakeholders report a number of ramifications as a result of PHARMAC's perceived pursuit of reduced costs as its main priority.

- As the holder of the government's drug buying budget, PHARMAC is seen to have a monopoly position vis a vis pharmaceutical companies. Stakeholders perceive that the pharmaceutical companies have lost revenue, with many manufacturers leaving the country.
- Some pharmacists report having lost revenue, and anecdotally, it was reported that some smaller players had been forced out of the market.
- General practitioners feel they have less choice in terms of being able to prescribe what they see as the most effective and appropriate medicines for their patients.
- Many stakeholders felt that patients have reduced opportunities to access the best and most effective medicines.

Pharmaceutical company stakeholders report that, in some respects, PHARMAC's one-product tender system makes New Zealand vulnerable: because supply to New Zealand is not prioritised by international drug companies, if the company that has the tender cannot meet supply, public access (and therefore safety) is compromised.

There is also concern among branded pharmaceutical companies that PHARMAC is both the gatekeeper, with regard to what drugs will be funded, and also the clinical assessor of drugs. These stakeholders see an inherent conflict in these two roles.

Stakeholders have a good understanding of the boundaries of PHARMAC's role vis a vis MedSafe, with safety issues considered the domain of the latter rather than of PHARMAC.

PHARMAC's role in recent social marketing campaigns (around antibiotic use) has been noted by stakeholders. Many applaud PHARMAC's involvement: it counters the actions of (branded) drug companies pushing their commercial interests, and helps to reduce public demand and thus the drugs bill. However, other stakeholders question whether this is PHARMAC's role or that of the Ministry of Health. Pharmaceutical companies question whether PHARMAC has credibility in this role given its cost saving focus.

5.2 PHARMAC's Operating Environment

Many stakeholders report (in some cases grudgingly) that PHARMAC operates very successfully in a "tough" operating environment. Medical groups, consumer groups, General practitioners and pharmacists described PHARMAC as acting as a buffer between the pharmaceutical companies and New Zealand, countering their free-market "clout" and negotiating down the prices.

Many stakeholders characterise PHARMAC's operating environment as strongly political: they perceive that PHARMAC has been set up to take the heat (generated by medicine funding decisions) off the Government. There is some feeling among stakeholders that PHARMAC is focused on keeping the drugs budget down, and that this has become the agency's primary motivation.

Pharmaceutical company stakeholders comment that PHARMAC's operating mode, that is, the sole supply tender system, effectively pits pharmaceutical companies against each other. These stakeholders observe that such an adversarial approach is not necessary, and that there are more harmonious relationships between competing pharmaceutical companies in other countries, where more than one company is able to supply a particular drug.

A number of other stakeholders also perceive that PHARMAC's modus operandi has led to collusion between drug companies and PHARMAC, with PHARMAC engaging in what they term "horse trading" – whereby companies are only able to introduce new products on to the PHARMAC Schedule if they can offer significant cost savings on other drugs.

Stakeholders from the pharmaceutical industry generally believe that PHARMAC has created an unfair operating environment by playing off the pharmaceutical companies against each other. From this perspective, PHARMAC effectively holds all the cards because of its monopoly position.

PHARMAC is also seen to have created hostility between consumer groups, by appearing to play off groups of patients against each other. This leads to perceptions that where one consumer group benefits from funding decisions, it is at the cost of another group.

Branded pharmaceutical company stakeholders feel that PHARMAC has "demonised" them unfairly, and attempts to "take the heat off" its funding decisions

by blaming the drug companies for being greedy. Generic pharmaceutical company stakeholders feel particularly aggrieved that in the public arena, PHARMAC tars all pharmaceutical companies with the same brush.

Medical groups, having the least direct involvement with PHARMAC, are generally ambivalent in their descriptions of the relationship and interactions they have with the organisation.

5.3 PHARMAC Culture

Stakeholders' perceptions of the PHARMAC culture have a high degree of uniformity. Stakeholders characterise PHARMAC as having a “*corporate*” culture, meaning that the agency's culture is “*business-like*” and “*fiscally driven*”. PHARMAC's primary focus is seen to be one of reducing and containing costs, and this drives perceptions of the agency's culture as “*hard-nosed*”.

Stakeholders' perceived treatment by PHARMAC influences their perceptions of PHARMAC's culture. Branded pharmaceutical companies are among the most disaffected stakeholders. These stakeholders describe PHARMAC as “*tough*”, and “*uncompromising*” as well as “*arrogant*”. They are concerned that PHARMAC has too much power, and is not held accountable for its funding decisions (either to the industry or to the wider public). Branded pharmaceutical companies comment that PHARMAC has “*little regard for the pharmaceutical industry*”, and is willing to paint the industry as “*the enemy*” in defending funding decisions (the high profile Herceptin debate was used to illustrate this point, but is not seen as an isolated example).

Generic pharmaceutical companies have also found PHARMAC to be “*hard-nosed*” and “*litigious*” to deal with. However, there is some feeling among these stakeholders that PHARMAC has recognised that it needs them “*on board*” in order to pursue its cost-cutting focus. As a result, they describe PHARMAC's attitude to the industry as having softened somewhat in the past year, with PHARMAC taking a more constructive, and less confrontational and aggressive approach to its dealing with them.

These stakeholders infer that PHARMAC has realised that its cost-cutting focus is causing pharmaceutical companies to take their manufacturing off-shore and, in some cases, decline to tender for PHARMAC supply contracts. They perceive that PHARMAC may have realised that it has alienated the industry to the extent of leaving itself potentially vulnerable on the supply front. One stakeholder observes that PHARMAC appears to be more concerned about its “*public image*” of late, and has started to “*make the right noises*” with regard to industry consultation.

While general practitioners and pharmacists have a removed and somewhat distant relationship with PHARMAC themselves, they note the agency’s perceived “*bullying*” approach to pharmaceutical companies. They also perceive that PHARMAC is arrogant in showing little respect for the impact of its decisions on patients. These stakeholders have noticed little change in PHARMAC’s culture in the past year or so.

Consumer groups view PHARMAC’s culture as essentially negative, and they share other stakeholder’s view of the agency as money driven to the point of excluding other considerations.

Consumer groups perceive that PHARMAC’s culture has got worse over time, characterising the agency as “*embattled*” and “*secretive*”. They perceive that PHARMAC has a “*unilateral*” approach to decision-making and displays arrogance toward stakeholders by not informing them about decisions that impact on them.

One stakeholder claims evidence of a “*dysfunctional*” agency, with PTAC members themselves frustrated at PHARMAC’s fiscal approach.

PHARMAC is generally perceived by stakeholders to employ “*credible*” and “*well-qualified*” personnel; however, there is some concern that the scientific setting is overridden by fiscal concerns. Stakeholders distinguish between the individuals in the organisation and the culture as a whole. Individuals within PHARMAC are respected for their professionalism and technical proficiency, but they are overshadowed by the agency’s fiscal focus. While individuals may be pleasant to deal with, the agency culture is perceived as “*hard-nosed*”.

6.0 PHARMAC's Current Performance

6.1 Perceptions of Overall Performance

PHARMAC is perceived to be very successful at operating within its given budget and keeping the lid on New Zealand total drug spend. However, many stakeholders question the value of this success if it is at the expense of health outcomes.

General practitioners and pharmacists perceive that drug choice is becoming increasingly restricted in the country. Changes to the Schedule are received “*with dread*” as a consequence of the angst caused to patients and the additional (and largely unpaid) work involved in managing transitions to alternative drugs.

Other stakeholders report that PHARMAC's responsiveness is lacking and that interaction with the agency is “*frustrating*”. They report that getting answers, explanations and time-lines from PHARMAC is difficult. Consumer groups report having to resort to (what they see as) “*extreme*” measures to get information from PHARMAC, for example, questions in parliament, or requests made under the Official Information Act.

6.2 Consultation

Overall, stakeholders perceive that PHARMAC's consultation with stakeholders is done because it is mandated by Government. However, there is a general perception that PHARMAC does not consider the consequences of its actions, and stakeholders lack evidence that their submissions in response to PHARMAC consultation documents have an impact on PHARMAC's decision-making.

6.2.1 Pharmaceutical Companies

Pharmaceutical companies perceive that PHARMAC's consultation with the industry does not result in a meaningful exchange. They see no evidence that their responses to industry-wide consultation documents are acknowledged by PHARMAC.

Pharmaceutical company stakeholders also report a lack of notification and discussion with regard to changes that impact on their company specifically. In one case, the lack of notification meant that a stakeholder had not been able to plan for sufficient stock. Rather than consulting with stakeholders in advance to ensure supply, PHARMAC is reported to take a litigious approach, whereby supply issues caused by lack of advance warning are “*the stakeholder's problem*”. The stakeholder in question reported that while PHARMAC had improved in this respect, there was still room for improvement.

6.2.2 Pharmacists and General Practitioners

Pharmacists do not perceive themselves as being consulted by PHARMAC; they simply respond to PHARMAC decisions. General practitioners are invited to respond to consultation documents issued by PHARMAC, but may lack the time to respond comprehensively. Some also report that the lack of acknowledgement of their input discourages them from repeating the exercise.

However, many are interested in having input into the consultation process and would like to see evidence that their submissions have been considered, and have influenced PHARMAC decision-making (where this is the case). They suggest an online forum for feedback to PHARMAC may increase the likelihood of time-poor clinicians responding.

6.2.3 Medical Groups

As previously noted medical groups have the least direct contact with PHARMAC. However, in the limited interactions they have with the agency, medical groups stakeholders report that they have no particular difficulty in engaging with PHARMAC, and characterise those interactions as “*cordial*”, and “*professional*”.

6.2.4 Consumer Groups

Consumer groups portray themselves as struggling to have their voice heard and to influence PHARMAC’s decision-making. They comment that PHARMAC does not appear to consult with groups working with patients affected by PHARMAC decisions.

6.3 Decision-making

PHARMAC’s decision-making processes remain a “*mystery*” to many stakeholders.

Pharmaceutical companies report that contract negotiations and funding decisions disappear into a “*black hole*”.

There is general agreement that PHARMAC needs to be more transparent about the basis for its decisions. It is not clear to stakeholders how PHARMAC merges clinical versus financial considerations, with a number of stakeholders questioning how much weight PHARMAC places on PTAC recommendations.

These stakeholders perceive that PHARMAC may even ignore clinical advice it receives from its own sub-committees. They would like to see the clinical process be independent from PHARMAC funding.

It was also reported that stakeholders have issues with the way that PHARMAC classifies drugs in terms of the equivalence. PHARMAC is perceived as having made some “*medically unsound*” decisions in terms of some drug switching decisions it has made, e.g. the decision in the early nineties to no longer fund the ACE inhibitor.



This historical example highlights that memories of perceived negative decisions can linger on for years.

Pharmacists, general practitioners and consumer groups report that PHARMAC fails to present decisions with a human face, and there is some feeling that the PHARMAC board lacks a community perspective.

As with other stakeholders, general practitioners are concerned that PHARMAC's decisions are driven by funding, despite apparent attempts to make it appear that medical factors drive their decisions.

Consumer groups report that PHARMAC makes decisions without consulting concerned parties, including consumer groups and, in some cases, the drug suppliers themselves. This has reportedly led to supply issues, where a pharmaceutical company had insufficient stock to cover supply after an unexpected decision reversal by PHARMAC.

7.0 Relationships and Interactions with PHARMAC

7.1 Relationship with Branded Pharmaceutical Companies

Some of PHARMAC's weakest stakeholder relationships are with branded pharmaceutical companies. Relationships with this stakeholder group have been "*hostile*" at times, and some remain so. PHARMAC's "*ruthless*" pursuit of savings to the national drugs bill has seen branded pharmaceutical companies hardest hit by the changes this has brought to the industry. The branded pharmaceutical companies have seen a contraction of their industry, with manufacturers and research-based drug companies leaving the country.

Branded pharmaceutical companies perceive that PHARMAC's sole focus is on driving down drug companies' prices, with negotiations resembling "*horse trading*" rather than a discussion of the merits of new medicines.

While PHARMAC's current relationship with individual branded drug companies varies (ranging from "*hostile*" to "*business-like*"), there is some feeling that PHARMAC has traditionally perceived drug companies as adversaries, and deals with them accordingly. These stakeholders have found PHARMAC to be litigious and inflexible in past dealings. From their perspective, they have no choice but to deal with PHARMAC, but there is little impression that PHARMAC is concerned about the viability of the pharmaceutical industry in New Zealand.

These stakeholders perceive that PHARMAC's knowledge of the pharmaceuticals industry has improved over the years, but that PHARMAC's staff do not always understand the clinical implications of their funding decisions.

PHARMAC's perceived inflexibility in terms of contracts when there are supply chain problems – the sole tender system can leave suppliers (and ultimately patients) vulnerable – does not promote warm relationships.

In general, these stakeholders want PHARMAC to make more of an effort to build working relationships with them.

7.2 Relationship with Generic Pharmaceutical Companies

Generic pharmaceutical companies tend to be less critical of PHARMAC because the way that PHARMAC operates enables generic pharmaceutical companies to enter the market, and creates opportunities for those who are pragmatic. PHARMAC's relationships with generic pharmaceutical companies are more likely to be described as satisfactory and improved. However, some stakeholders in this industry sector view PHARMAC's new-found interest in them with "*suspicion*".

There is some feeling among generic pharmaceutical companies that PHARMAC does not understand the generic drug market. PHARMAC's perceived fixation with price effectively encourages generic companies to operate as drug "*warehouses*" without back-up systems in place. There is a perception that PHARMAC's decision-making on tenders comes down to price, and that other factors, such as reliability and supply, are not taken into account. These stakeholders comment that New Zealand has one of the "*toughest price regimes*" in the world and that, as a result, many overseas suppliers lose interest or de-prioritise New Zealand orders.

PHARMAC's perceived "*hard-nosed*" approach to contracts puts off some generic pharmaceutical companies from listing some medicines. Its perceived lack of flexibility around stock issues can also rebound on the agency, because some stakeholders will not enter into supply contracts or tenders they deem too high-risk.

Generic pharmaceutical companies resent the fact that PHARMAC fails to differentiate between generic and branded drug companies. The generic pharmaceutical companies perceive that they enable PHARMAC to save money, but this is not publicly acknowledged by PHARMAC.

Generic pharmaceutical companies perceive that branded companies "*work the system*" to offer PHARMAC discounts for some drugs, in order to get other drugs on the Schedule. This can effectively cut generic companies out of the action, making it hard for them to build a sustainable business.

7.3 Relationship with Pharmacists and General Practitioners

Pharmacists and general practitioners characterise their relationship with PHARMAC as distant or non-existent. These stakeholders may not perceive that they have a relationship with PHARMAC per se, nor consider that PHARMAC would regard them as a stakeholder.

Pharmacists and general practitioners describe the relationship with PHARMAC as one-way. These stakeholders are subject to PHARMAC's decisions and actions, but have no control or influence over these. They perceive PHARMAC's decision-making as somewhat mysterious, with the basis for decision-making obscure. These stakeholders are the transmitters of PHARMAC's decisions and, as such, must manage patient hostility and bewilderment at the impact of PHARMAC's decisions on the end users in the primary health care system.

Pharmacists tend to be a little closer to PHARMAC than are general practitioners because they have more direct contact with the agency. They see their relationship with PHARMAC as transactional in nature – PHARMAC sets the rules and they carry them out.

While these stakeholders do not typically seek a closer relationship with PHARMAC, they do seek some improvements to the way that PHARMAC operates and communicates with them, in so far as this would “*make things easier*” for them in running their practices, and in their relationships with customers and patients.

Special Authorities - general practitioners report that the number of Special Authorities has mushroomed and that the Special Authority process needs to be simplified. Clinicians observe that this process does not take into account the very real need of presenting patients with a swift resolution of their medical issues. One stakeholder suggests that enabling PHOs or general practitioners themselves to grant Special Authorities would simplify and speed up the process considerably.

The current Special Authority process generates a lot of paperwork for clinicians. The Special Authority approval sheet is considered difficult to read, particularly for clinicians who are completing them infrequently. One general practitioner reported that the online Special Authorities form was not compatible with a Mac environment.

Pharmacists comment that there is no flexibility to seek a refund from PHARMAC if the prescribing doctor makes an error.

7.4 Relationship with Medical Groups

As previously noted, the medical group stakeholders interviewed in this study report that their interactions with PHARMAC are very infrequent, and that their relationships with the agency are professional and unproblematic.

One medical group noted the ramifications of PHARMAC's listing and de-listing of drugs on their members are more work, angst for patients, and less choice for prescribing.

Medical groups do not report any problems in engaging with PHARMAC, but this may be a result of this particular group of stakeholders rarely (if ever) needing to engage with PHARMAC directly.

7.5 Relationship with Consumer Groups

PHARMAC's relationships with consumer groups spoken to for this study are characterised as both "*weak*" and "*confrontational*". Consumer groups tend to feel deeply frustrated in their dealings with PHARMAC. Working as they do on behalf of consumers (in some cases their own children), they report being concerned and even offended by what they see as PHARMAC's apparently cold-hearted, financial focus.

Consumer groups do not perceive that PHARMAC has any interest in maintaining a relationship with them, or hearing their perspective, and characterise the relationship as "*one-sided*" and "*hostile*".

PHARMAC is not seen to consult with consumer groups working at the coal face of the health sector. Consumer groups have difficulty engaging with PHARMAC, with some reporting that they would not know how to engage the agency (i.e. at what level and with whom they could communicate). Consumer groups also perceive that they are "*kept at arm's length*", and "*managed*" (in a pejorative sense) by PHARMAC.

One stakeholder expressed surprise and suspicion at PHARMAC's motives in investigating the state of its relationship with stakeholders:

8.0 PHARMAC's Communications

8.1 Direct Communications

8.1.1 Pharmaceutical Companies

Some pharmaceutical companies have found PHARMAC staff “*more constructive and less abrasive*” to deal with in the past year. They report that interactions and communications have improved in terms of advice, guidance, forewarning of supply issues, more openness and exchange of information. There is also perceived evidence of a “*less litigious*” approach on the part of PHARMAC, with fewer appearances by PHARMAC lawyers at meetings.

Individual relationships with PHARMAC are generally described as “*cordial*” (with notable exceptions – discussed earlier). Stakeholders respect the individual PHARMAC staff they deal with and find them accessible. However PHARMAC is not perceived as proactive in terms of providing information and progress reports on funding applications and contract negotiations.

Stakeholders report that the uncertainty arising from not getting firm dates for when decisions will be made can compromise New Zealand drug companies' own relationships with suppliers, and make the industry as a whole appear unprofessional.

Pharmaceutical companies comment that the pharmaceutical industry has a complicated supply chain. Stakeholders who win a PHARMAC tender require a long lead-in time to ensure supply, and therefore sufficient notification from PHARMAC – ideally six months. While PHARMAC is seen to attempt to comply, in practice this does not always happen.

Pharmaceutical company stakeholders are typically happy with the level of face-to-face interaction they currently have with PHARMAC, which is generally a couple of meetings a year. In some cases PHARMAC comes to see them in Auckland, which the smaller operators appreciate. Other companies observe that they have to make a trip to Wellington, and that PHARMAC having a greater presence in Auckland would signal a greater orientation towards the pharmaceutical industry.

Some pharmaceutical companies would value the opportunity to have more frequent (e.g. bi-monthly) meetings that are not just project-driven, but cover the totality of the company's relationship with PHARMAC, thereby facilitating the company's long-term planning. PHARMAC has initiated annual strategy sessions with some pharmaceutical companies, which has been welcomed and valued.

Generic pharmaceutical companies note that PHARMAC has started a public relations drive, perhaps in response to criticism from the branded drug companies or as a means of defending their decisions.

When it comes to written communications, pharmaceutical companies receive PHARMAC's industry-wide tender documents in hard copy, which has to be rewritten by their staff. This is time consuming and leaves them vulnerable to human error. One stakeholder suggests that PHARMAC could email this tender document to

pharmaceutical companies in PDF format (but acknowledges that PHARMAC may be reluctant to do so because of a concern that the information might be altered).

The PHARMAC Schedule attracts little criticism or comment from pharmaceutical company stakeholders. It is a functional document, which is seen to serve its purpose. One pharmaceutical company stakeholder reports that the PHARMAC website is user-friendly, and is a useful reference for overseas suppliers to learn about the environment that New Zealand drug companies operate in.

8.1.2 Pharmacists and General Practitioners

These stakeholders interact with PHARMAC primarily via written communications and faxes, and occasional phone calls. None of the participants in this research report face-to-face interaction with PHARMAC, (reporting they do not need it).

PHARMAC faxes notification of Schedule changes and tender outcomes to pharmacists, and this is satisfactory to them. Pharmacists report that they require this information in order to know which stocks to get rid of. While they typically receive one month's notice of such changes, they can be caught with stock on their hands.

These stakeholders report that the PHARMAC Schedule has been restructured so that it is easier to read. Schedule updates, delivered manually, may be overlooked by general practitioners, creating extra work for pharmacists (who use software that automatically alerts them to updates).

Some general practitioners report that the PHARMAC Schedule is not very useful to them. It is felt that it would be more useful as a resource, e.g. if it included side-effects of drugs, so that comprehensive drug information was in one place.

One general practitioner stakeholder comments that the daily routine of a general practitioner does not facilitate extensive Internet use. However, he observes that general practitioners might make greater use of the PHARMAC website if the online Schedule had more comprehensive drug information, in addition to tariffs, and the site was more interactive.

Pharmacists and general practitioners recognise there is a need for PHARMAC to provide information to the public about decisions that impact on them (and some also see a social marketing role for PHARMAC in the context of keeping drug costs down). However, pharmacists do not see themselves as the correct channel for delivering such material to the consumer, particularly those working in busy and relatively impersonal urban pharmacies. General practitioners and pharmacists agree that PHARMAC communications targeting patients should go to general practitioners rather than pharmacists, as the former have more space and time to disseminate and discuss the material with their patients, and tend to have a more developed, advisory relationship with their patients.

General practitioners suggest that it would be useful were PHARMAC to produce materials that could be distributed through the waiting room, particularly information about changes to the Schedule that may affect patients. This information might outline the reasons behind changes as well as the implications for patients. This would assist doctors in explaining why patients need to change medications, or start paying for medications that were formerly free (or cheaper).

8.1.3 Consumer Groups

Consumer groups report little direct contact with PHARMAC: contact is “*sporadic*” at best. As detailed earlier, consumer groups feel they struggle to get their voice heard by PHARMAC, with some consumer group stakeholders reporting finding out about important decisions that affect their members when public announcements are made by PHARMAC.

While PHARMAC staff are polite and professional in their dealings with consumer groups, these stakeholders perceive that beneath this professional surface lies a “disregard” for their perspective and concerns. This perception causes distrust.

One stakeholder reports that views and concerns that are acknowledged by PHARMAC staff in casual conversation are seldom acknowledged or reflected in written correspondence. This comes across as PHARMAC staff appearing to avoid formally conceding points that have been informally conceded.

Consumer groups also perceive that “the wheels move very slowly at PHARMAC”. They describe getting acknowledgement of their concerns and responses to their requests as a drawn-out process.

When consumer groups and PHARMAC staff do meet face-to-face, these stakeholders tend to come away feeling that they have had little traction with the Agency, and that their perspective has not been acknowledged.

8.2 Accessibility and Responsiveness

Overall, PHARMAC is described as reasonably accessible to most stakeholders (with the exception of consumer groups), but not responsive. Most stakeholders report that PHARMAC is slow to respond to queries regarding its decision-making and the timeline for decisions.

8.2.1 Pharmaceutical Companies

Pharmaceutical companies find PHARMAC staff very accessible by phone, although some individuals can be slow to return calls. These stakeholders also have no problems getting meetings with PHARMAC staff, provided they are prepared to travel to Wellington (in some cases PHARMAC has initiated Auckland meetings). However, pharmaceutical companies comment that while PHARMAC's staff are generally accessible, it does not necessarily follow that stakeholders can get the information they require from them in a timely fashion. (There is some optimism on the part of pharmaceutical company stakeholders that PHARMAC's recent restructuring may result in greater responsiveness around contract progress and resolution).

8.2.2 Pharmacists

Pharmacists find PHARMAC staff accessible by phone. However, the somewhat limited operating hours of the PHARMAC 0800 number can be a barrier to access for these stakeholders.

8.2.3 Medical Groups

Those medical groups that do engage with PHARMAC report having no trouble in approaching or securing contact with the agency.

8.2.4 Consumer Groups

PHARMAC is characterised as inaccessible in any meaningful way to consumer groups. Many report that phone calls are not returned, and that they have great difficulty in getting meetings with PHARMAC. Consumer groups typically have to initiate meetings. They also report a lack of response to correspondence with PHARMAC, with no acknowledgment or information about processes or timeliness.

In the face of PHARMAC's reported unresponsiveness, consumer groups may have to resort to formal and "*political*" measures to get information from PHARMAC, for them a time consuming and expensive exercise.

One stakeholder reports the frustration of being denied access to information from PHARMAC about how it projects the likely cost of drugs. This stakeholder commented that PHARMAC's projections differed markedly from the group's projections, and it needed an understanding of how PHARMAC had arrived at its figures, in order to fully advocate the group's position.

8.3 Trust

8.3.1 Pharmaceutical Companies

There is general agreement among pharmaceutical company stakeholders that they trust PHARMAC not to reveal their sensitive business information, and in this context they are willing to discuss future plans with PHARMAC.

There is, however, a general feeling among pharmaceutical companies that sensitive pricing information they provide to PHARMAC is used as leverage to get competitors to lower their prices. Although stakeholders can understand why this happens, it leads to a perception that PHARMAC is not entirely trustworthy.

One stakeholder reports that he is cautious about the way he deals with PHARMAC to protect his own interests.

PHARMAC's relationships with branded pharmaceutical companies can be volatile at times, with some stakeholders reporting a tendency for PHARMAC to "*personalise*" conflicts. For one stakeholder, PHARMAC's integrity and trustworthiness has been eroded by the way PHARMAC chose to play-out drug funding issues in the media. This stakeholder felt that PHARMAC deliberately misled the media and public in order to defend its own actions - painting the pharmaceutical company as "*greedy*" - without addressing the real issues "*because they found it too hard to manage*".

There is a general sense among pharmco stakeholders that PHARMAC does not trust the pharmaceutical industry. (Consumer groups also share the view that PHARMAC does not trust them). Many of these stakeholders note that PHARMAC's operating methods (reportedly relaxed somewhat of late) suggest a general distrust of stakeholders: having lawyers present at meetings, always having two PHARMAC personnel present at meetings, avoiding email correspondence, and putting potential troublesome phone calls on speaker phone.

8.3.2 Pharmacists and General Practitioners

Pharmacists and general practitioners do not have (or seek) the kind of direct relationship with PHARMAC in which issues of trust would have real relevance for them. However, general practitioners observe that if PHARMAC is seeking greater trust from this group, it must attend to its human face vis a vis patients and communities. One stakeholder commented that greater community representation on the PHARMAC board might lead to a more human approach to PHARMAC decisions, and greater recognition of the impact on patients.

Again, medical groups report little direct interaction with PHARMAC, but they are generally trusting of it.

8.3.3 Consumer Groups

Consumer groups do seek a direct relationship with PHARMAC. Their experiences with PHARMAC have led to a strong distrust of the agency. As discussed earlier, consumer groups perceive that PHARMAC holds them at arm's length, obstructs their attempts to get information from the agency, and is unconcerned about the impact of its decisions on their members.

Some of these other stakeholders also perceive that PHARMAC's tender process plays off pharmaceutical companies against each other. Further, there is a perception that PHARMAC is doing deals with generic drug companies behind the back of branded drugs companies. These stakeholders share the pharmaceutical companies' suspicion that PHARMAC uses confidential pricing information as leverage in dealings with drug companies.

9.0 Improving Stakeholder Relationships

9.1 Overall

Most stakeholders would like to see PHARMAC advocating for a bigger drugs budget as part of its role. They perceive that this would enable PHARMAC to take a more balanced approach to fiscal versus other considerations. This in turn would reduce the perceived adversarial approach that PHARMAC has adopted towards the pharmaceutical industry and other stakeholder groups.

There is some feeling that no one is acting as the advocate for new medicines in New Zealand. Stakeholders perceive that PHARMAC is certainly not taking this role. In this environment there is concern that the pharmaceutical companies become the de facto advocates for new medicines. The pharmaceutical companies themselves perceive that this leaves them open to accusations of self-interest.

Stakeholders would like to see more consistency with the rest of the world in terms of funding decisions being based on health outcomes and the merits of products, rather than solely on “*what we can afford*”. Some stakeholders suggest benchmarking our drugs budget against countries such as Australia or the United Kingdom. While New Zealand taxpayers may benefit from the reduced drugs bill, stakeholders are increasingly concerned that New Zealand patients are missing out.

Stakeholders would also like to see more honesty – with stakeholders and with the public - from PHARMAC about what is driving its funding decisions. There is a widespread belief among stakeholders that cost factors take precedence over other factors in PHARMAC’s decision-making, although PHARMAC is perceived as going to some lengths to obscure this. If this is not the case, PHARMAC needs to demonstrate the relative weight that is given to other factors, and this needs to be reflected in funding decisions.

In line with this, stakeholders would generally like to see greater transparency around PHARMAC’s decision-making, and for PHARMAC to open up its decision-making processes to scrutiny. As part of this, stakeholders seek more genuine consultation, with PHARMAC seeking and acknowledging advice from stakeholders and factoring this into its decisions.

9.1.1 Pharmaceutical Companies

Some pharmaceutical companies have felt “*bruised*” by past dealings with PHARMAC and resent the fact that PHARMAC “*holds all the cards*”. Branded pharmaceutical companies resent being portrayed as the “*villains*” in high-profile funding conflicts, while generic pharmaceutical companies resent being lumped in with branded companies. As a group, pharmaceutical companies make a number of suggestions as to how PHARMAC could improve relations with the industry.

These stakeholders would like to see PTAC separated from PHARMAC, so that its recommendations have weight and are paid attention to. At present they perceive that PHARMAC regards PTAC recommendations as a superficial “*box-ticking*” exercise.

Pharmaceutical companies would like PHARMAC to speed up the process of granting and finalising contracts. They also seek more information for individual stakeholders about the progress of their applications. They suggest that PHARMAC provides an outline of the time-line for decision-making, so that drug companies know what to expect and when.

Stakeholders are hopeful that the recent structural changes within PHARMAC, with dedicated managers for existing contracts with a stakeholder, will result in more timely feedback on the progress of contracts. There is a perception among some stakeholders that PHARMAC staff working on the contracts side appear to be more experienced than has been the case in the past.

Like a number of other stakeholders, pharmaceutical companies would like PHARMAC to move away from the current winner-takes-all tendering policy, to a two-product tender system.

Pharmaceutical companies suggest that PHARMAC looks at part-funding more medicines, as other countries do.

Pharmacists and general practitioners also support this suggestion. These stakeholders would like their patients to have more choice of generic drugs at the same price, rather than having a sole supplier. Pharmacists and general practitioners perceive that this would also reduce the need to change patients’ medication – something that can cause great anxiety and difficulties for patients.

Pharmaceutical companies seek greater transparency around PHARMAC’s decision-making. These stakeholders are not aware of PHARMAC’s processes, and perceive that price is the major factor in decisions, despite what PHARMAC might say to the contrary.

Pharmaceutical companies also request more timely feedback on their responses to PHARMAC consultation documents. Stakeholders who make a submission and then hear nothing back are discouraged by what they feel is a time-wasting, “*futile exercise*”. These stakeholders would like PHARMAC’s consultation with industry to be “*more genuine*”.

These stakeholders would also like PHARMAC's communications with them to acknowledge the perspective and concerns of industry. A number of pharmaceutical company stakeholders seek more face-to-face interaction with PHARMAC. Frequency of meetings is less important to stakeholders than the utility. A number of stakeholders are seeking more broad-based meetings that look beyond pricing issues, e.g. to discuss the health benefits and merits of a particular drug.

Some stakeholders would value the opportunity to have regular (e.g. bi-monthly) meetings covering the totality of the company's relationship with PHARMAC.

Generic pharmaceutical companies also see a need for PHARMAC to update its knowledge of the generic industry, and to recognise the implications of the ongoing drive to cut costs, i.e. that these stakeholders may choose not to tender or enter into supply contracts where the risk is deemed to be too great.

Some pharmaceutical company stakeholders would also like recourse to discuss PHARMAC's performance with an external party.

9.1.2 Pharmacists and General Practitioners

PHARMAC regulates the environment in which general practitioners prescribe and pharmacists dispense. As such, these stakeholders may “resent” PHARMAC’s decisions which deeply affect their patients, and which they must front.

These stakeholders would like to see less frequent changes to the PHARMAC Schedule. They would also like to see PHARMAC resolve stocking issues so that patients do not have their medication changed according to availability.

General practitioners and pharmacists support PHARMAC’s provision of patient information, particularly in regards to why particular funding decisions have been made and would encourage PHARMAC to provide this type of information more broadly. These stakeholders request that such information be disseminated through general practitioners’ surgeries, rather than via pharmacies.

General practitioners would like PHARMAC to simplify the Special Authority system to speed up the process for clinicians and patients. They suggest this could be done by allowing PHOs to grant Special Authorities, or by allowing general practitioners to become “PHARMAC accredited” to grant Special Authorities.

General Practitioners would also like to see a more general practitioner-orientated PHARMAC website. They suggest that PHARMAC provides a drugs compendium, including side effects as well as drug tariffs, so that all the information they need is in one place. They also suggest that PHARMAC includes more information about its decision-making on the PHARMAC website, for easy referral when explaining changes to patients.

General practitioners would like it to be easier and simpler for them to have a voice in the PHARMAC consultation process. They suggest a facility on the PHARMAC website for time-poor general practitioners to post feedback on consultation documents.

General practitioners suggest that one means PHARMAC of becoming closer to general practitioners would be for PHARMAC staff to be based within (or at least have a regular presence at) local PHOs of a certain size.

9.1.3 Medical Groups

Unlike other stakeholder groups medical groups report no problems in the way in which they relate to the agency. Interactions are limited, but perceived as professional.

9.1.4 Consumer Groups

There is a feeling from some consumer group stakeholders that PHARMAC has an uphill battle on its hands to mend relationships with the voluntary sector, if indeed it wishes to do so. As previously noted, consumer groups report feeling “*ill-treated*” by PHARMAC and do not perceive that PHARMAC is interested in their views.

Consumer groups seek meaningful engagement with PHARMAC and clear channels for engagement.

They also seek “*genuine*” consultation on changes that will directly impact on consumers. They request that PHARMAC notifies relevant consumer groups in advance of a general release of tender documents, and that PHARMAC allows interested parties sufficient time to respond. These stakeholders expect PHARMAC to inform them of relevant decisions (or the reversal of decisions) before they are made public.

Like other stakeholders, consumer groups seek feedback from PHARMAC on submissions and a clear response to communication. They expect a transparent process and readily available, up to date information.



Interview Guides

Consumer Group Interview Guide

Research Objectives

The overall aim of the research is provide PHARMAC with information that will assist it with more effectively managing stakeholder relationships and interactions.

Specific Research Objectives

- Explore stakeholders' understanding of PHARMAC, including its perceived role, operating environment and the perceived culture of the organisation.
- Understand perceptions of and satisfaction with PHARMAC's current performance (e.g. accessibility, responsiveness, trustworthiness, any other factors of importance to the stakeholder).
- Understand stakeholders' expectations and needs in relation to their relationship and interactions with PHARMAC.
- Understand from stakeholders how their needs can, where within PHARMAC's control, be better met (i.e. how any gaps between existing performance and stakeholder needs should best be closed).
- Understand impressions of PHARMAC's communications, including their efficacy (and what improvements, if any, are required).
- Identify opportunities for business improvements by PHARMAC generally.

The questions in the interview guide are indicative and will be expanded on during interviews, where appropriate, for greater understanding.

1. Introduction

5 minutes

Interviewer to:

- introduce self
- introduce topic and what will be explored in the interview
- assure confidentiality of participant's (P's) contributions (and explain pooling of responses for reporting purposes)
- emphasise that there are no right or wrong answers
- neutrality of the interviewer's role
- confirm consent to audio tape

2. Context Setting

20 minutes (total time 25 minutes)

Objectives

- To explore P's understanding of PHARMAC (e.g. associations, perceived role, operating environment and culture within the organisation)
- To understand the perceived culture of PHARMAC (and whether there is a general sense that change has occurred in the last year)

2a. Associations

Thinking about PHARMAC ...

- What comes to mind when you think of PHARMAC? Seek P's spontaneous responses. Probe meaning and basis of each association.
- In what way, if any, do the associations you make with PHARMAC, impact on you or your organisation's relationship/interactions with it? Probe nature of impact on P and his/her organisation.

2b. Understanding of PHARMAC

Still thinking about PHARMAC ...

- Imagine you had to explain what PHARMAC was to a person who had never heard of the organisation, what would you tell him/her? Seek spontaneous responses and explore for understanding as necessary.
- What do you personally understand PHARMAC's role to be? Probe perceived role and basis of understanding.
- How would you describe the operating environment of PHARMAC? Probe nature of PHARMAC's operating environment (including where PHARMAC sits in the pharmaceutical sector as a whole), influencing factors, and positive and not so positive aspects.
- In terms of understanding the operating environment of PHARMAC, one aspect to explore relates to safety issues with drugs – when issues arise, is this PHARMAC's fault or another party's fault and reasons? If another party, who and reasons?
- What impact, if any, does the operating environment of PHARMAC have on you, your organisation and the clients you advocate for? Probe envisaged short, medium and long term implications for P, his/her organisation and client group if PHARMAC's operating environment remains as it is at present.

- How knowledgeable do you feel PHARMAC is generally about pharmaceutical matters, and specifically in relation to the client group that your organisation advocates for? Probe perceived knowledge at the general and specific levels and reasons. Probe meaning of and reasons for rating. Repeat rating for specific knowledge.
- To what extent do you feel that PHARMAC is a trustworthy organisation?
- To what extent do you feel that PHARMAC takes consumer groups such as (*specify name of P's organisation*) into account in its decision making? How well do you feel consumer perspectives are elicited and taken into account in decisions? Probe for examples of where this has/has not occurred. If it has occurred, probe perceived nature (and success or otherwise) of the experience.
- How well consulted with and informed do you feel in relation to PHARMAC's decision making?
- What changes, if any, would you like to see made in terms of how much PHARMAC takes consumer groups into account in its decision making? Probe nature of any changes and reasons.

We're going to talk now about how you perceive the culture of PHARMAC ...

- What words best describe the culture of PHARMAC for you personally? Probe meaning of words and reasons for choosing them.
- In what way, if any, have you noticed any changes in culture at PHARMAC over time? Probe to determine if P has a general sense of change in culture over the last year or so. If any change/s have been noted, explore the nature of changes and implications for P/P's organisation in terms of their relationship/interactions with PHARMAC.

3. Relationship, Interactions & Communications

30 minutes (total time 55 minutes)

Objectives

- To explore impressions of the relationship and interactions P/P's organisation has with PHARMAC
- To understand how satisfied P is with his/her organisation's relationship with PHARMAC (and identify what enhancements, if any, are needed)
- To explore how satisfied P is with his/her organisation's interactions with PHARMAC (and identify what enhancements, if any, are needed)
- To gauge reaction to PHARMAC's communications (and the extent to which these do/do not meet P's organisation's needs)

3a. Relationship with PHARMAC

We're now going to talk about the relationship that your organisation has with PHARMAC ...

- What words best describe the nature of the relationship between (*specify name of P's organisation*) and PHARMAC³? Probe meaning of words and reasons for choosing them.
- What needs do you/your organisation have in terms of the relationship with PHARMAC? Probe to understand needs and reasons for these.
- What expectations do you/your organisation have in terms of the relationship with PHARMAC? Probe to understand expectations and reasons for these.
- Overall, taking account of you/your organisation's needs and expectations, how do you feel about the nature of your organisation's current relationship with PHARMAC?
- What aspects of the relationship, if any, work well for you and your organisation? Probe perceived positive aspects and reasons.
- What aspects of the relationship, if any, don't work/don't work so well for you and your organisation? Probe perceived negative aspects and reasons.
- What improvements (if any) are required for you/your organisation to better have your needs and expectations met in terms of the relationship with PHARMAC? Probe to identify specific improvements and what the priority of each improvement is relatively speaking and reasons.

3b. Interactions with PHARMAC Staff

Thinking now about interactions that you/your organisation have with PHARMAC staff ...

- What words best describe the nature of interactions between (*specify name of P's organisation*) and PHARMAC staff? Probe meaning of words and reasons for choosing them.
- In what circumstances do you/your organisation typically have interactions with PHARMAC? Probe circumstances, point of contact in PHARMAC, who initiates contact and method of contact, e.g. phone, face-to-face, email, letter, other printed material (e.g. brochures), other (P to specify) and average frequency of interactions.

³ TNS understands that PHARMAC has ad hoc relationships with consumer groups.

Thinking about having interactions with PHARMAC staff ...

- What needs do you/your organisation have in terms of interactions with PHARMAC staff? Probe to understand needs and reasons for these. If not mentioned, probe on accessibility, responsiveness, trustworthiness and level of consultation).
- What expectations do you/your organisation have in terms of interactions with PHARMAC staff? Probe to understand expectations and reasons for these. If not mentioned, probe on accessibility, responsiveness, trustworthiness and level of consultation).
- Overall, taking account of you/your organisation's needs and expectations, how do you feel about the interactions your organisation currently has with PHARMAC?
- What aspects of interactions, if any, work well for you and your organisation? Probe perceived positive aspects and reasons.
- What aspects of interactions, if any, don't work/don't work so well for you and your organisation? Probe perceived negative aspects and reasons.
- What improvements (if any) are required for you/your organisation to better have your needs and expectations met in terms of interactions with PHARMAC? Probe to identify specific improvements and what the priority of each improvement is relatively speaking and reasons.

3c. PHARMAC Communications

Thinking now about PHARMAC's communications ...

- What words best describe the nature of communications that (*specify name of P's organisation*) receives from PHARMAC? Probe meaning of words and reasons for choosing them.
- What communications from PHARMAC are you aware of? Probe for awareness and explore awareness of social marketing campaigns.
- What specific types of communications does your organisation receive from PHARMAC? Probe nature and typical frequency.
- What needs do you/your organisation have in terms of communications from PHARMAC? Probe to understand needs and reasons for these.
- What expectations do you/your organisation have in terms of communications from PHARMAC? Probe to understand expectations and reasons for these.
- Overall, taking account of you/your organisation's needs and expectations, how do you feel about the communications your organisation currently receives from PHARMAC?

- What aspects of PHARMAC's communications, if any, work well for you and your organisation? Probe perceived positive aspects for each type of communication received and reasons.
- What aspects of PHARMAC's communications, if any, don't work/don't work so well for you and your organisation? Probe perceived negative aspects for each type of communication received and reasons.
- What improvements (if any) are required for you/your organisation to better have your needs and expectations met in terms of PHARMAC's communications? Probe to identify specific improvements and what the priority of each improvement is relatively speaking and reasons.

4. Prioritising Improvements

5 minutes (total time 60 minutes)

Note: This section assumes that participant will identify improvements.

Objective

- To understand overall priority for making improvements that would enable PHARMAC to better meet P's needs and expectations.

4a. Overall Improvement Priorities

Thinking about the improvements that you've identified during the interview (*interviewer to show these to P on a sheet of paper*) ...

- Please rank these in order of priority from your organisation's perspective (from the top priority to the next priority and so on until ranking has been completed). Interviewer to then briefly explore reasons for priority ranking.

5. Wind Down

We've almost finished our interview. Before we finish, are there any other comments that you'd like to make about PHARMAC? *Probe for understanding if relevant.*

Thank and close.

Medical Group Interview Guide

Research Objectives

The overall aim of the research is provide PHARMAC with information that will assist it with more effectively managing stakeholder relationships and interactions.

Specific Research Objectives

- Explore stakeholders' understanding of PHARMAC, including its perceived role, operating environment and the perceived culture of the organisation.
- Understand perceptions of and satisfaction with PHARMAC's current performance (e.g. accessibility, responsiveness, trustworthiness, any other factors of importance to the stakeholder).
- Understand stakeholders' expectations and needs in relation to their relationship and interactions with PHARMAC.
- Understand from stakeholders how their needs can, where within PHARMAC's control, be better met (i.e. how any gaps between existing performance and stakeholder needs should best be closed).
- Understand impressions of PHARMAC's communications, including their efficacy (and what improvements, if any, are required).
- Identify opportunities for business improvements by PHARMAC generally.

The questions in the interview guide are indicative and will be expanded on during interviews, where appropriate, for greater understanding.

1. Introduction

5 minutes

Interviewer to:

- introduce self
- introduce topic and what will be explored in the interview
- assure confidentiality of participant's (P's) contributions (and explain pooling of responses for reporting purposes)
- emphasise that there are no right or wrong answers
- neutrality of the interviewer's role
- confirm consent to audio tape

2. Context Setting

15 minutes (total time 20 minutes)

Objectives

- To explore P's understanding of PHARMAC (e.g. associations, perceived role, operating environment and culture within the organisation).
- To understand the perceived culture of PHARMAC (and whether there is a general sense that change has occurred in the last year).

2a. Associations

Thinking about PHARMAC ...

- What comes to mind when you think of PHARMAC? Seek P's spontaneous responses. Probe meaning and basis of each association.
- In what way, if any, do the associations you make with PHARMAC, impact on you or your organisation's relationship/interactions with it? Probe nature of impact on P and his/her organisation.

2b. Understanding of PHARMAC

Still thinking about PHARMAC ...

- Imagine you had to explain what PHARMAC was to a person who had never heard of the organisation, what would you tell him/her? Seek spontaneous responses and explore for understanding as necessary.
- What do you personally understand PHARMAC's role to be? Probe perceived role and basis of understanding.
- How would you describe the operating environment of PHARMAC? Probe nature of PHARMAC's operating environment (including where PHARMAC sits in the pharmaceutical sector as a whole), influencing factors, and positive and not so positive aspects.
- In terms of understanding the operating environment of PHARMAC, one aspect to explore relates to safety issues with drugs – when issues arise, is this PHARMAC's fault or another party's fault and reasons? If another party, who and reasons?
- What impact, if any, does the operating environment of PHARMAC have on you (and your organisation)? Probe envisaged short, medium and long term implications for P (and his/her organisation) if PHARMAC's operating environment remains as it is at present.

- Interviewer note: Specific questions about changes to the pharmaceutical schedule appear later in the interview guide (although they can be covered here if it feels appropriate).
- How knowledgeable do you feel PHARMAC is generally about pharmaceutical matters? Probe perceived knowledge and reasons

We're going to talk now about how you perceive the culture of PHARMAC ...

- What words best describe the culture of PHARMAC for you personally? Probe meaning of words and reasons for choosing them.
- In what way, if any, have you noticed any changes in culture at PHARMAC over time? Probe to determine if P has a general sense of change in culture over the last year or so. If any change/s have been noted, explore the nature of changes and implications for P/P's organisation in terms of their relationship/interactions with PHARMAC.

3. Relationship, Interactions & Communications

35 minutes (total time 55 minutes)

Objectives

- To explore impressions of the relationship and interactions P/P's organisation has with PHARMAC.
- To understand how satisfied P is with his/her organisation's relationship with PHARMAC (and identify what enhancements, if any, are needed).
- To explore how satisfied P is with his/her organisation's interactions with PHARMAC (and identify what enhancements, if any, are needed).
- To gauge reaction to PHARMAC's communications (and the extent to which these do/do not meet P's organisation's needs).

3a. Relationship with PHARMAC

- We're going to talk now about the relationship that your organisation has with PHARMAC ...
- What words best describe the nature of the relationship between (*specify name of P's organisation*) and PHARMAC? Probe meaning of words and reasons for choosing them.
- What needs do you/your organisation have in terms of the relationship with PHARMAC? Probe to understand needs and reasons for these.

- What expectations do you/your organisation have in terms of the relationship with PHARMAC? Probe to understand expectations and reasons for these.
- Overall, taking account of you/your organisation's needs and expectations, how do you feel about the nature of your organisation's current relationship with PHARMAC?
- What aspects of the relationship, if any, work well for you and your organisation? Probe perceived positive aspects and reasons.
- What aspects of the relationship, if any, don't work/don't work so well for you and your organisation? Probe perceived negative aspects and reasons.
- What improvements (if any) are required for you/your organisation to better have your needs and expectations met in terms of the relationship with PHARMAC? Probe to identify specific improvements and what the priority of each improvement is relatively speaking and reasons.

3b. Interactions with PHARMAC Staff

Thinking now about interactions that you/your organisation have with PHARMAC staff ...

- What words best describe the nature of interactions between (*specify name of P's organisation*) and PHARMAC staff? Probe meaning of words and reasons for choosing them.
- In what circumstances do you/your organisation typically have interactions with PHARMAC? Probe circumstances, point of contact in PHARMAC, who initiates contact and method of contact, e.g. phone, face-to-face, email, letter, other printed material (e.g. brochures), other (P to specify) and average frequency of interactions.

Thinking about having interactions with PHARMAC staff ...

- What needs do you/your organisation have in terms of interactions with PHARMAC staff? Probe to understand needs and reasons for these. If not mentioned, probe on accessibility, responsiveness, trustworthiness and level of consultation, being kept up-to-date with changes to the pharmaceutical schedule).
- What expectations do you/your organisation have in terms of interactions with PHARMAC staff? Probe to understand needs and reasons for these. If not mentioned, probe on accessibility, responsiveness, trustworthiness and level of consultation, being kept up-to-date with changes to the pharmaceutical schedule).

- Overall, taking account of you/your organisation's needs and expectations, how do you feel about the interactions your organisation currently has with PHARMAC?
- What aspects of interactions, if any, work well for you and your organisation? Probe perceived positive aspects and reasons.
- What aspects of interactions, if any, don't work/don't work so well for you and your organisation? Probe perceived negative aspects and reasons.
- What improvements (if any) are required for you/your organisation to better have your needs and expectations met in terms of interactions with PHARMAC? Probe to identify specific improvements and what the priority of each improvement is relatively speaking and reasons.

If not explored already ask:

- How well do you feel PHARMAC takes account of your/your organisation's position in its decision making

3c. Pharmaceutical Schedule

Thinking now about changes to the pharmaceutical schedule ...

- What words best describe your views about how the pharmaceutical schedule currently works? Probe meaning of words and reasons for choosing them.
- What needs do you/your organisation have in relation to the pharmaceutical schedule and changes made in relation to it? Probe to understand needs and reasons for these. If not mentioned, probe on how P feels about the frequency and number of changes to prescribing, brand changes and listings of new medicines and reasons.
- What expectations do you/your organisation have in relation to the pharmaceutical schedule and changes made in relation to it? Probe to understand expectations and reasons for these.
- Overall, taking account of you/your organisation's needs and expectations, how satisfied are you with the way the pharmaceutical schedule currently operates?
- What aspects of the pharmaceutical schedule (including changes and advice of them), if any, work well for you and your organisation? Probe perceived positive aspects and reasons.
- What aspects of the pharmaceutical schedule (including changes and advice of them), if any, don't work/don't work so well for you and your organisation? Probe perceived negative aspects and reasons.

If not explored already ask:

- How well informed do you feel about changes to the pharmaceutical schedule?
- How do you feel about the way PHARMAC communicates changes in relation to the pharmaceutical schedule?
- What improvements (if any) are required for you/your organisation to better have your needs and expectations met in relation to the pharmaceutical schedule? Probe to identify specific improvements and what the priority of each improvement is relatively speaking and reasons.

3d. Special Authorities

Thinking about special authorities ...

- How clear and easy to understand are the information and rules in special authorities? Probe clarity and any improvements required.

3e. PHARMAC Communications

Interviewer note: Questions relating to the efficacy of communications regarding the pharmaceutical schedule need to be covered here if not already discussed.

Thinking now about PHARMAC's communications ...

- What words best describe the nature of communications that (*specify name of P's organisation*) receives from PHARMAC? Probe meaning of words and reasons for choosing them.
- What communications from PHARMAC are you aware of? Probe for awareness and explore awareness of social marketing campaigns.
- What specific types of communications does your organisation receive from PHARMAC? Probe nature and typical frequency.
- What needs do you/your organisation have in terms of communications from PHARMAC? Probe to understand needs and reasons for these.
- What expectations do you/your organisation have in terms of communications from PHARMAC? Probe to understand expectations and reasons for these.
- Overall, taking account of you/your organisation's needs and expectations, how do you feel about the communications your organisation currently receives from PHARMAC
- What aspects of PHARMAC's communications, if any, work well for you and your organisation? Probe perceived positive aspects for each type of communication received and reasons.

- What aspects of PHARMAC's communications, if any, don't work/don't work so well for you and your organisation? Probe perceived negative aspects for each type of communication received and reasons.
- What improvements (if any) are required for you/your organisation to better have your needs and expectations met in terms of PHARMAC's communications? Probe to identify specific improvements and what the priority of each improvement is relatively speaking and reasons.

4. Prioritising Improvements

5 minutes (total time 60 minutes)

Note: This section assumes that participant will identify improvements.

Objective

- To understand overall priority for making improvements that would enable PHARMAC to better meet P's needs and expectations.

4a. Overall Improvement Priorities

Thinking about the improvements that you've identified during the interview
(*interviewer to show these to P on a sheet of paper*) ...

- Please rank these in order of priority from your organisation's perspective (from the top priority to the next priority and so on until ranking has been completed). Interviewer to then briefly explore reasons for priority ranking.

5. Wind Down

We've almost finished our interview. Before we finish, are there any other comments that you'd like to make about PHARMAC? Probe for understanding if relevant.

Give GPs and pharmacists incentive.

Thank and close.

Pharmaceutical Company Interview Guide

Research Objectives

The overall aim of the research is provide PHARMAC with information that will assist it with more effectively managing stakeholder relationships and interactions.

Specific Research Objectives

- Explore stakeholders' understanding of PHARMAC, including its perceived role, operating environment and the perceived culture of the organisation.
- Understand perceptions of and satisfaction with PHARMAC's current performance (e.g. accessibility, responsiveness, trustworthiness, any other factors of importance to the stakeholder).
- Understand stakeholders' expectations and needs in relation to their relationship and interactions with PHARMAC.
- Understand from stakeholders how their needs can, where within PHARMAC's control, be better met (i.e. how any gaps between existing performance and stakeholder needs should best be closed).
- Understand impressions of PHARMAC's communications, including their efficacy (and what improvements, if any, are required).
- Identify opportunities for business improvements by PHARMAC generally.

The questions in the interview guide are indicative and will be expanded on during interviews, where appropriate, for greater understanding.

1. Introduction

5 minutes

Interviewer to:

- introduce self
- introduce topic and what will be explored in the interview
- assure confidentiality of participant's (P's) contributions (and explain pooling of responses for reporting purposes)
- emphasise that there are no right or wrong answers
- neutrality of the interviewer's role
- confirm consent to audio tape

2. Context Setting

20 minutes (total time 25 minutes)

Objectives

- To explore P's understanding of PHARMAC (e.g. associations, perceived role, operating environment and culture within the organisation).
- To understand the perceived culture of PHARMAC (and whether there is a general sense that change has occurred in the last year).

2a. Associations

Thinking about PHARMAC ...

- What comes to mind when you think of PHARMAC? Seek P's spontaneous responses. Probe meaning and basis of each association.
- In what way, if any, do the associations you make with PHARMAC, impact on you or your organisation's relationship/interactions with it? Probe nature of impact on P and his/her organisation.

2b. Understanding of PHARMAC

Still thinking about PHARMAC ...

- Imagine you had to explain what PHARMAC was to a person who had never heard of the organisation, what would you tell him/her? Seek spontaneous responses and explore for understanding as necessary.
- What do you personally understand PHARMAC's role to be? Probe perceived role and basis of understanding.
- How would you describe the operating environment of PHARMAC? Probe nature of PHARMAC's operating environment (including where PHARMAC sits in the pharmaceutical sector as a whole), influencing factors, and positive and not so positive aspects.
- If safety issues arise in relation to drugs, where does responsibility for this lie? Probe where responsibility lies, i.e. PHARMAC or another party – who and reasons.
- What impact, if any, does the operating environment of PHARMAC have on you, and your organisation? Probe envisaged short, medium and long term implications for P and his/her organisation if PHARMAC's operating environment remains as it is at present.
- How knowledgeable do you feel PHARMAC is generally about pharmaceutical matters? Probe perceived knowledge level and reasons.

- To what extent do you feel that PHARMAC is a trustworthy organisation?
- How do you feel about the way PHARMAC handles sensitive/secure information that your organisation provides it with? Probe what works well/not so well, improvements and reasons.
- How do you feel about PHARMAC's decision making processes? Probe extent to which processes are perceived as considered and informed and what improvements, if any, are needed.

We're going to talk now about how you perceive the culture of PHARMAC ...

- What words best describe the culture of PHARMAC for you personally? Probe meaning of words and reasons for choosing them.
- In what way, if any, have you noticed any changes in culture at PHARMAC over time? Probe to determine if P has a general sense of change in culture over the last year or so. If any change/s have been noted, explore the nature of changes and implications for P/P's organisation in terms of their relationship/interactions with PHARMAC.

3. Relationship, Interactions & Communications

30 minutes (total time 55 minutes)

Objectives

- To explore impressions of the relationship and interactions P/P's organisation has with PHARMAC.
- To understand how satisfied P is with his/her organisation's relationship with PHARMAC (and identify what enhancements, if any, are needed).
- To explore how satisfied P is with his/her organisation's interactions with PHARMAC (and identify what enhancements, if any, are needed).
- To gauge reaction to PHARMAC's communications (and the extent to which these do/do not meet P's organisation's needs).

3a. Relationship with PHARMAC

We're going to talk now about the relationship that your organisation has with PHARMAC ...

- What words best describe the nature of the relationship between (*specify name of P's organisation*) and PHARMAC? Probe meaning of words and reasons for choosing them.
- What needs do you/your organisation have in terms of the relationship with PHARMAC? Probe to understand needs and reasons for these.
- What expectations do you/your organisation have in terms of the relationship with PHARMAC? Probe to understand expectations (including how PHARMAC manages P's/P's organisation's expectations) and reasons for these.
- How well consulted with and informed do you feel in relation to PHARMAC's decision making?
- Overall, taking account of you/your organisation's needs and expectations, how do you feel about the nature of your organisation's current relationship with PHARMAC?
- What aspects of the relationship, if any, work well for you and your organisation? Probe perceived positive aspects and reasons.
- What aspects of the relationship, if any, don't work/don't work so well for you and your organisation? Probe perceived negative aspects and reasons.
- What improvements (if any) are required for you/your organisation to better have your needs and expectations met in terms of the relationship with PHARMAC? Probe to identify specific improvements and what the priority of each improvement is relatively speaking and reasons.

3b. Interactions with PHARMAC Staff

Thinking now about interactions that you/your organisation have with PHARMAC staff ...

- What words best describe the nature of interactions between (*specify name of P's organisation*) and PHARMAC staff? Probe meaning of words and reasons for choosing them.
- In what circumstances do you/your organisation typically have interactions with PHARMAC? Probe circumstances, point of contact in PHARMAC, who initiates contact and method of contact, e.g. phone, face-to-face, email, letter, other printed material (e.g. brochures), other (P to specify) and average frequency of interactions.

Thinking about having interactions with PHARMAC staff ...

- What needs do you/your organisation have in terms of interactions with PHARMAC staff? Probe to understand needs and reasons for these. If not mentioned, probe on accessibility, responsiveness, trustworthiness and level of consultation, being kept informed, e.g. about timeframes, stage of progress and next steps.
- What expectations do you/your organisation have in terms of interactions (including processes) with PHARMAC staff? Probe to understand needs and reasons for these. If not mentioned, probe on accessibility, responsiveness, trustworthiness and level of consultation, being kept informed, e.g. about timeframes, stage of progress and next steps.
- Overall, taking account of you/your organisation's needs and expectations, how do you feel about the interactions your organisation currently has with PHARMAC?
- What aspects of interactions, if any, work well for you and your organisation? Probe perceived positive aspects and reasons.
- What aspects of interactions, if any, don't work/don't work so well for you and your organisation? Probe perceived negative aspects and reasons.
- What improvements (if any) are required for you/your organisation to better have your needs and expectations met in terms of interactions with PHARMAC? Probe to identify specific improvements and what the priority of each improvement is relatively speaking and reasons.

3c. PHARMAC Communications

Thinking now about PHARMAC's communications ...

- What words best describe the nature of communications that (*specify name of P's organisation*) receives from PHARMAC? Probe meaning of words and reasons for choosing them.
- What communications from PHARMAC are you aware of? Probe for awareness and explore awareness of social marketing campaigns.
- What specific types of communications does your organisation receive from PHARMAC? Probe nature and typical frequency.
- What needs do you/your organisation have in terms of communications from PHARMAC? Probe to understand needs and reasons for these.
- What expectations do you/your organisation have in terms of communications from PHARMAC? Probe to understand expectations and reasons for these.

- Overall, taking account of you/your organisation's needs and expectations, how do you feel about the communications your organisation currently receives from PHARMAC?
- What aspects of PHARMAC's communications, if any, work well for you and your organisation? Probe perceived positive aspects for each type of communication received and reasons.
- What aspects of PHARMAC's communications, if any, don't work/don't work so well for you and your organisation? Probe perceived negative aspects for each type of communication received and reasons.
- What improvements (if any) are required for you/your organisation to better have your needs and expectations met in terms of PHARMAC's communications? Probe to identify specific improvements and what the priority of each improvement is relatively speaking and reasons.

4. Prioritising Improvements

5 minutes (total time 60 minutes)

Note: This section assumes that participant will identify improvements.

Objective

- To understand overall priority for making improvements that would enable PHARMAC to better meet P's needs and expectations.

4a. Overall Improvement Priorities

Thinking about the improvements that you've identified during the interview (*interviewer to show these to P on a sheet of paper*)...

- Please rank these in order of priority from your organisation's perspective (from the top priority to the next priority and so on until ranking has been completed). *Interviewer to then briefly explore reasons for priority ranking.*

5. Wind Down

We've almost finished our interview. Before we finish, are there any other comments that you'd like to make about PHARMAC? ***Probe for understanding if relevant.***

Thank and close.



Appendix

Appendix 1 - Profile of Participants

The following provides a brief summary of the participants who took part in the qualitative research.

Pharmaceutical Companies

- CEs or equivalent of branded (3) and generic (3) Level C pharmaceutical companies
- Auckland-based

Pharmacists and General Practitioners

- In ownership or partnership of their business or practice
- Inner city and suburban practices
- Auckland and Wellington-based

Medical Groups

- CE or equivalent level
- Auckland and Wellington-based

Consumer Groups

- CE or equivalent level
- Auckland, Wellington and provincial-based