22 July 2021 Our ref: BB21-192

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Chair
PHARMAC Review Panel

By email: pharmacreview@health.govt.nz

Tēnā koe Sue

Pharmac Review

Thank you for the opportunity to meet with the PHARMAC Review Panel to discuss the PHARMAC Review and provide a response to your consultation questions.

The Royal New Zealand College of General Practitioners is the largest medical college in New Zealand. Our membership of 5,500 general practitioners comprises almost 40 percent of New Zealand's specialist medical workforce. Our kaupapa is to set and maintain education and quality standards for general practice, and to support our members to provide competent and equitable patient care.

1. What is your understanding of what PHARMAC does?

PHARMAC's role under the New Zealand Public Health and Disability Act 2000, 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 amount of funding provided.

The RNZCGP considers that the PHARMAC model has served New Zealand well during its 25 years of operation. It is a trusted organisation which has maintained integrity through its decision-making processes. PHARMAC's effective tendering/closed loop funding system has generated savings which fund investments in new medications. The approach has worked well for the majority of PHARMAC activity.

Feedback from GPs indicates they are generally supportive of PHARMAC because it takes the difficult decisions about medication funding out of the equation in a patient consultation. The process of external validation does not put GPs in a position of having to defend funding decisions or be accountable for non-availability of medications.

We suggest that the integrity of PHARMAC processes would be further strengthened by being able to track decisions to determine their effectiveness for different populations and whether outcomes showed a link to improving equity.

2. What has been your experience of working with PHARMAC?

The RNZCGP appreciates the positive relationship with PHARMAC over the last two years and acknowledges the evolving model of information exchange and opportunities to provide advice on general practice matters.

RNZCGP Communication & Collaboration with PHARMAC

- PHARMAC meets with the College on a regular basis to discuss matters arising.
- The RNZCGP is invited to participate in the regular PHARMAC Equity Hui.
- PHARMAC works with the College to distribute communications regarding changes to GPs through the College's online weekly newsletter - epulse.

- The RNZCGP provides advice on PHARMAC consultations.
- The RNZCGP provides GP representation on PHARMAC's expert panels.

3. What are the challenges with PHARMAC's functions for funding medicines and devices?

The College does not consider that a fundamental change to the PHARMAC model would be beneficial. However, it can learn from New Zealand and international examples to refine and improve transparency and trust in PHARMAC by enabling wider input into decision making processes.

We identify key challenges for PHARMAC:

- Better outcomes data on equity, medications, distribution, tracking
- Interaction with the community
- Equity, access and cost of new pharmaceuticals
- Funding decisions – sometimes the evidence base is poor but public opinion is strong
- The MoH does not champion PHARMAC
- Poor uptake and coordination by DHBs resulting in administrative costs and inequitable distribution

The College suggests greater collaboration with the sector to explore public participation in PHARMAC decision-making would be beneficial. If the process were more inclusive it would provide better context to inform difficult equity decisions and increase the level of transparency. Reporting outcomes of decisions would inform public narrative and provide a source of trusted information. (1,2)

Maintaining independence and integrity of PHARMAC processes in the current environment is difficult and its decision-making processes are increasingly at risk due to persuasive public campaigns seeking permission for new medications which have not been approved by Medsafe or funded by PHARMAC. The impact of lobbying by the public, politicians and the media is to pre-empt funding decisions. The 'inverse care law', highlights the negative effects of the approach on equity, which results in those who are most in need having access reduced, and those with the most power, or loudest voices have increased access to medications. (3)

Our connected world drives public opinion and demand, and global citizens have access to networks and information about the availability of new high cost super specialised medications, which are not yet available in New Zealand. The urgency and intensity of lobbying action detracts from long-term work to prevent disease, prolong life and promote health and equity. It undermines organised sustained efforts and informed choices of society, organisations, public and private, communities and individuals. (4)

4. What do you think works well with the processes PHARMAC uses to assess the funding of medicines and medical devices?

PHARMAC is a proven model, and any fundamental change would destabilise the structure and undermine its reputation and integrity. (5) However, with emerging new super specialised medications, the model no longer seems to be able to adapt quickly enough to emerging international trends in pharmaceutical development such as biologics, which do not have traditional evidence bases to back up decision making or questions from the public. The PHARMAC model seems to struggle at times to adequately address equity issues, such as diabetes, as PHARMAC's processes do not track decisions or traditionally link decisions to equity. The transparency gap also causes a problem for the model and results in public opinion driving the agenda with actions by the public, politicians and the media. (6)

5. What do you think are the barriers to accessing medicines and devices?

Potential areas of concern for the PHARMAC model are due to significant external influences are putting pressure on the PHARMAC system.

- New high-cost drugs with marginal potential benefits
- Rare disorders
- Oncology

- Medications for large scale common diseases such as diabetes where it is difficult to estimate a potential cost impact.

Based on feedback from our members, we observe the key challenges to be:

- Implementation of funding decisions
- Monitoring equitable access
- Achieving equitable access in a fragmented system
- Funded medication with associated procedural costs affects equity e.g. LARCs, alendrondate and iron functions.
- There is no nationally consistent distribution as PHARMAC only funds medications, and administration costs are high due to system issues within the MoH and DHBs
- Accountability – there is no evidence of improved health outcomes resulting from funded medications
- There is a need for a robust complaints process
- Greater transparency of the decision-making process
- How to work with communities
- Informing outcomes of decisions
- No information about equity results

6. Is there any other country that does it better? What is it that it does better and would any of those systems apply here?

Internationally there is no comparative model as PHARMAC is the only organisation that undertakes a technical assessment and funds pharmaceuticals. The College does not consider that the PHARMAC system is broken and suggests that greater transparency, and inclusiveness within decision making would improve the process. Including a step in the process to enable different points of view to be heard would be beneficial as is evidenced in the UK, by the NICE Appraisal Committees. They hear presentations from different jurisdictions including individuals, communities and organisations, and clarify points raised. However, the Committee maintains its independence through an assessment process which takes their points into consideration before making a final decision. The deliberative process has significantly increased inclusiveness, transparency and trust. (1)

7. How might PHARMAC look in the future? And what needs to change for this to happen?

The Covid situation has highlighted sustainability issues for the PHARMAC model due to some medications no longer being available, and the cost of replacements is an emerging risk.

PHARMAC funds access to pharmaceuticals for all New Zealanders, however, public perception about value exposes pressure points in PHARMAC processes.

The RNZCGP identifies areas for that could be explored to remain relevant in the future.

- **Alignment with Te Tiriti – integrate Te Tiriti principles within the assessment framework.**

  Tino rangatiratanga: The guarantee of tino rangatiratanga, which provides for Māori self-determination and mana motuhake in the design, delivery, and monitoring of health and disability services.

  Partnership: The principle of partnership, which requires the Crown and Māori to work in partnership in the governance, design, delivery, and monitoring of health and disability services. Māori must be co-designers, with the Crown, of the primary health system for Māori.

  Equity: The principle of equity, which requires the Crown to commit to achieving equitable health outcomes for Māori.

  Active protection: The principle of active protection, which requires the Crown to act to its full extent and be practicable to achieve equitable health outcomes for Māori. This includes ensuring

that it, its agents, and its Treaty partners are well informed on the extent, and nature, of both Māori health outcomes and efforts to achieve Māori health equity.

Options: The principle of options, which requires the Crown to provide for and properly resource kaupapa Māori health and disability services. Furthermore, the Crown is obliged to ensure that all health and disability services are provided in a culturally appropriate way that recognises and supports the expression of hauora Māori models of care. (7)

The College recommends that equity would be improved by:

- **Inclusive assessment and appraisal processes**
  - Building on New Zealand and international examples.
  - All points of view contribute to funding decisions by involving people in the beginning of the process.
- **Decisions informed by the lived experiences**
  - Include the voices of people from populations with the highest levels of health inequities.
- **Increase the public narrative**
  - Use deliberative processes to discover about equity, medicines, rationing, and prioritisation.
- **Assess outcomes of funding decisions and co-design changes**
  - Discover whether the investment by PHARMAC made a difference to equity.
- **Communication in the public domain**
  - Decisions communicated in a way that assists better public understanding of the issues.
  - Issues picked up by the media are due to a lack of information or framing issues in a way that can be understood by the public.

8. Are there additional or different things that PHARMAC should be doing?

Feedback from RNZCGP members indicates that they support PHARMAC and that the economic model is still fit for purpose. The main issue is that the technical assessment is not transparent and is open to criticism and maneuvering by external lobby groups. We suggest a more inclusive process would be more consistent with the principles of equity and including direct representation within the process, would increase public participation and trust.

9. What do the wider changes to the Health and Disability system mean for PHARMAC?

The Minister of Health's vision is to build a system which achieves Pae Ora, healthy futures, for all New Zealanders. Within this there is an expectation that Te Tiriti o Waitangi principles and obligations will drive this by, leveraging tino rangatiratanga and partnership to shape design/options for Māori, so that Māori models of care flourish, and promote active protection and equitable health outcomes. The changes are to strengthen functions, structures, and organisations with the aim of increasing quality, consistency and equity. The emphasis is on the whole health sector working together as a team to increase equity and prevent illness is critical to the success of the system. (8)

We suggest that implications of the changes for PHARMAC would be to:

- Integrate principles of Te Tiriti o Waitangi
- Reach out to collaborate
- Engage people in co-design decision processes
- Measure outcomes of decisions against equity goals
- Inform and communicate

10. How well does PHARMAC reflect the principles of Te Tiriti o Waitangi?

PHARMACs recommendations are based on a review of clinical and economic evidence which shows how well a medicine or treatment work in relation to how much it costs and whether it represents value for money. Medications and devices are reviewed to standardise access to and reduce variation. A gap identified by the College is in the equity space. We recommend that PHARMAC consider investment in applying the Te Tiriti o Waitangi principles (5) in the areas below:

Tino rangatiratanga: The guarantee of tino rangatiratanga, which provides for Māori self-determination and mana motuhake in the design, delivery, and monitoring of health and disability services.

- PHARMAC could clarify how they will lead strategy that guarantees tino rangatiratanga, and what this looks like in the context of it's brief and work.

Partnership: The principle of partnership, which requires the Crown and Māori to work in partnership in the governance, design, delivery, and monitoring of health and disability services. Māori must be co-designers, with the Crown, of the primary health system for Māori.

- PHARMAC could determine how they will activate the principle of partnership. If this is via an appointed body such as the proposed Māori Advisory Group, PHARMAC could indicate how this will support Te Tiriti-compliant partnership across populations and communities.

Equity:
The principle of equity requires the Crown to commit to achieving equitable health outcomes for Māori.

The College sees the following equity issues as important:
- The cost of new pharmaceuticals may be a barrier to health equity
- Inequity in distribution and access
- Inequitable outcomes
- PHARMAC could increase its understanding of equity issues and could clarify how it intends to address these issues for Māori and for other under-served populations in the community.

Active protection:
The principle of active protection requires the Crown to act, to the fullest extent practicable, to achieve equitable health outcomes for Māori. This includes ensuring that it, its agents, and its Treaty partner are well informed on the extent, and nature, of both Māori health outcomes and efforts to achieve Māori health equity.

- Patients who miss out on medication benefits are often over-represented in Māori and Pacific peoples, who already suffer from preventable illness, for example the prescription and dispensing of urate-lowering medication to reduce the burden of poorly controlled gout.

- PHARMAC could invest in monitoring and reporting on outcomes of decisions and their effectiveness.

Options:
The principle of options, which requires the Crown to provide for and properly resource kaupapa Māori health and disability services. The Crown is obliged to ensure that all health and disability services are provided in a culturally appropriate way that recognises and supports the expression of hauora Māori models of care. (7)

- PHARMAC could indicate how it is able to activate options for Māori that best meet the needs of Māori and their communities

11. How can PHARMAC achieve more equitable outcomes?

PHARMAC could achieve more equitable outcomes by understanding the impact of its decision making on equity.

Māori are significantly under-served by the health and disability system. Pacific people and people living in low socioeconomic area also remain in the most disadvantaged groups and have poorer outcomes.

There are good examples where a focus on equity informed PHARMAC decision making and actions taken have improved health outcomes, e.g. The decision by PHARMAC to fund two new medications for the management of Type 2 diabetes, and to make them available for Māori and Pacific patients will increase equity and make a measurable difference to the lives of many Kiwis by giving them options

that, until now, have been unattainable. We commend PHARMAC for making these medications available.

Example of a collaborative equity gain:

GPs care for over 220,000 New Zealanders living with Type 2 diabetes, and an estimated 11 per cent of the health budget goes towards treating the disease each year. Māori are affected three times as often as Pākehā, and Pacific people five times as often. Māori and Pacific patients are seven to 12 times more likely to progress to end-stage renal failure compared with Europeans.

- The College and its Māori representative group, Te Akoranga a Māui (10), worked together, and met with PHARMAC to raise awareness of the value of empagliflozin (Jardiance) and dulaglutide (Trulicity) for the management of Type 2 diabetes.
- New diabetes medications are now available which have substantial advantages in that they typically lead to weight loss, do not cause hypoglycaemia (low blood sugar), and protect against cardiovascular and renal disease independently of their effects on glucose levels.

PHARMAC has a significant role in determining who benefits from its decision-making process. The College maintains that PHARMAC could contribute to greater gains for Māori by better understanding context. Within our programmes the Meihana model (11) is a useful tool for explaining factors contributing to health disparities for Māori. It is used on a case-by-case basis to provide unique insights using a Māori lens to inform decisions.

In conclusion

To understand the result of its decisions and the impact is on equity, including Māori and Pacific, we suggest PHARMAC has a responsibility to produce an evidence base to inform future decisions and target equity improvements. Ongoing research would greatly assist health sector decisions and provide another layer of information to support improvements in equity.

The College thanks PHARMAC for the opportunity to provide comment on its Review.

If you have any questions, or require additional information, please email us at policy@rnzcgp.org.nz

Nāku noa, nā

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