PHARMACY GUILD OF NEW ZEALAND

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Sent via email to: eddy.sommers@health.govt.nz

Dear Eddy,

Re: Proposal to increase prescribing duration

Thank you for the opportunity to provide feedback on the above consultation.

The Pharmacy Guild of New Zealand (Inc.) (the Guild) is a national membership organisation representing community pharmacy owners. We provide leadership on all issues affecting the sector and advocate for the business and professional interests of community pharmacy.

The proposal to extend prescribing duration from three to 12 months for patients on long-term stable medicines could have significant implications for patients, community pharmacies and the broader healthcare system.

While we see the proposal presents opportunities, it also introduces a range of concerning risks, particularly adverse financial risks for community pharmacy, risks around medicine management and patient care and adverse fiscal impacts.

We have outlined the significant risks that we see would need to be effectively addressed before we would support this policy proposal as not having significant unintended consequences.

General feedback

While the proposal lists several intended benefits, it is not yet clear why it is proposed to be introduced, that is, what is the problem/s it is intending to solve? Accordingly, it is difficult for us to fully detail the benefits and adverse impacts of this proposal, given we do not fully understand the policy intention.

Given the significance of the policy proposal, response timeframes have not allowed sufficient time to develop fully informed and considered feedback, or the possible best options to fully address adverse policy consequences, with the proposal only distributed nine working days before responses were due.

We requested an extension of response time to allow for a well-considered response. However, we were told that at this initial stage the Ministry is simply seeking to understand the range of implications this proposal may have and any feedback that we can provide is useful to inform understanding and identify areas that may require further assessment.

Given the proposal is only in the initial feedback gathering stage, we have focused on identifying key proposal impacts, and not provided much detail on related policy implementation challenges.

If the proposal was to progress further, we expect that we will have future opportunities to share implementation challenges with you.

We note no change to the Pharmaceutical Schedule Rules is proposed, however if this were to change, this too could have significant adverse impacts on community pharmacy workload and funding and would require us to amend our policy proposal feedback.

Impacts on community pharmacy

- *Adverse financial impact*

We have assessed the adverse financial impact of this proposal on community pharmacy income, see Appendix A for detailed analysis. The introduction of a maximum 12-month prescription duration for patients on long-term stable medicines would significantly increase the number of repeat items dispensed, relative to initial items currently dispensed for these patients.

Our analysis shows that community pharmacy would face around a $24.6 million annual fees income reduction, which would represent an average annual price reduction of 3.17%.

This is of considerable concern to us, as we have already expressed our strong concerns to Health New Zealand (HNZ) around the inadequacy of their 2.51% annual price uplift offer for 2024/25 to address cost pressures, and their failure to consider reasonable cost pressure adjustments for 2024/25, to maintain access to community pharmacy services for all New Zealanders.

If the proposal is intended to be implemented, the service and funding model would need to be reviewed to account for the significant fee reductions occurring through more repeat items (than initial items). The current service model and associated funding assumes that pharmacies receive a new prescription every three months, with repeat prescriptions paid based on a sliding scale using a relative value unit (RVU).

The value of the RVU decreases as the repeat sequence number increases, giving less funding per item for frequent dispensing. This intends to discourage unnecessary repeats and reflect the estimated clinical input with each dispensing. However, the suffix used to signify weekly repeats on a three-month prescription (4-12), would also apply to many of the monthly repeats on a 12-month prescription.

Repeats using suffix 4-12 are paid significantly lower (at $3.27) than those using suffix 2-3 (at $4.65), used to signify the first two repeats, or the only repeats on a monthly script. As detailed above. The current funding and payment model has not been configured to support sustainable funding for 12-month prescriptions and represents a significant implementation challenge.

- *Inability for pharmacies to surcharge*

Within the proposal, you ask “Would you expect health services to increase costs to account for these impacts?”. It’s important to note that community pharmacies, unlike many other health providers, are unable to surcharge patients for government funded services. This means if a pharmacy incurs a loss providing a service to a patient, such as dispensing a medicine, they cannot charge the patient the difference between the government funding they receive and the true cost of service provision.

In this case, with repeat prescriptions funded at a lower rate ($4.65 or $3.27) than initial prescriptions (from $6.50), pharmacies cannot charge the patient the difference between the two

rates. By contrast, general practices can increase the rate they charge for a repeat prescription request to account for having fewer requests.

- *Need for additional funded pharmacy services - Pharmacist-led consultation, monitoring and follow-up*

The proposal states "Poor adherence to medicines leads to greater use of secondary care services, such as outpatient care, emergency department visits, and hospitalisations, especially among patients with the most prevalent chronic conditions."

Patients receiving 12-month prescriptions will have less general practice oversight, with community pharmacy their only regular contact with the health system. Pharmacists can play a more active role in managing and monitoring patients' medicines and health needs, ensuring that patients understand their medicines and remain adherent throughout their treatment. Pharmacies need to be appropriately funded for this work.

With legislative and Pharmac rules still being maintained, pharmacists will be the gatekeeper to the patient receiving another supply of their medicine/s. The pharmacist could conduct a clinical consultation to ensure that it is appropriate for the patient to receive further supply, this would incorporate routine monitoring – such as blood pressure checks, point of care testing and medicine adherence reviews – into repeat prescription services. Pharmacists could take on greater responsibility for monitoring medicine adherence, appropriateness of issuing further supply and identifying health concerns that may require triaging and GP referral.

Robust clinical processes, proper training, IT tools for recording consultations and providing information to the prescriber, and appropriate remuneration will be critical to supporting pharmacists in this expanded role. Training and IT development will also need to be funded.

The introduction of such a funded service could be done cost-effectively by reprioritising existing baseline funding and would utilise pharmacists' skills and knowledge, raising the profile of the profession, moving further from a supply to a clinical role, which could encourage more people to study pharmacy and continue working in pharmacy.

- *Risk of medicine mismanagement*

Patients who do not have a regular check in with their GP may experience health changes that go unnoticed, increasing the risk of inappropriate medicine use. Even a stable patient can become unstable over time, so there would be a need to ensure that there is a robust process in place that the pharmacist must carry out to ensure that it is appropriate for a further supply of medicine/s to be dispensed and that pharmacists are remunerated for carrying out this consultation to reduce patient risk. See above.

- *Patients have different prescribers*

Some patients will be prescribed medicines from different prescribers, i.e., GPs, specialists, etc. The length of a prescription could vary depending on the medicine and/or the prescriber. A specialist could prescribe a new medicine to replace a 'stable' medicine prescribed by a GP on a 12-month prescription – how would the pharmacy know that they should not provide further repeats of this discontinued medicine? What if the patient went to a different pharmacy for the new medicine? We recognise that this is an issue currently, however, would likely become much larger with 12-month prescriptions.

- *Increased workload for pharmacies*

The workload in pharmacies could increase due to the need for closer monitoring of patients with extended prescriptions and to undertake the clinical consultation of the patient before an extended supply is provided. Pharmacies may need additional staffing and resources to manage this. Appropriately funding new cost-effective and better value for money clinical consultation services from within existing baseline funding, to allow pharmacies to address staff remuneration and review workload, will be essential for preventing staff burnout, especially given that many are already overworked and underpaid.

Impacts on the supply chain

- *Increase in medicine wastage*

Extended prescribing could lead to medicine wastage if patients continue collecting repeat prescriptions for medicines they no longer need. Pharmacies, appropriately compensated for conducting medicine reconciliation, can minimise wastage by assessing the ongoing necessity of medicines with each repeat.

However, to be able to conduct a medicine reconciliation, the pharmacist will need to have access to IT systems and records to confirm which medicines the patient should be on (which could be prescribed by various prescribers) and have access to the patient's clinical notes.

- *Impact on Pharmac's sole supply model*

Due to stock shortages and global supply challenges, Pharmac is relying more and more on the use of unapproved Section 29 medicines as funded alternatives when the funded approved product is in short supply or out of stock.

The supply of a Section 29 medicine comes with many additional requirements, particularly on the prescriber. We continue to seek clarification from Medsafe on the correct process to follow when a Section 29 medicine is listed in place of an out of stock funded approved medicine, e.g., the prescriber needs to write a new prescription, the current prescription needs to be sent back to the prescriber and they must contact the patient before the pharmacy can supply further stock, etc.

The use of 12-month prescriptions will further complicate this issue and add to this workload. Also, currently only medical practitioners can prescribe Section 29 medicines, meaning prescriptions written by other prescribers for medicines replaced by Section 29 medicines during a supply issue are no longer valid – again this issue will become larger with 12-month prescriptions.

Impacts on prescribers

While we don't represent prescribers, we recognise that this proposal also has financial impacts on general practice. Extending prescribing duration could significantly reduce the number of repeat prescription renewals they provide, reducing their income. This may however free up general practice resources to focus on complex cases, potentially improving overall healthcare service delivery, and/or taking on additional complex patients.

We are also conscious of the pressure that could be put on prescribers by patients to provide them with a 12-month prescription, which could come from patients who aren't suitable, but want this regardless.

Impacts on patients

- *Co-payment charges*

This proposal notes that it would help improve access to medicines by removing some costs associated with prescriptions, which can be a barrier for some patients. It gives the example of this proposal reducing the number of times some patients on long-term medicines would need to pay a $5 prescription co-payment to pick up their medicines, because there is no co-payment attached to repeat dispensings.

We recognise that co-payment removal promotes equitable access to medicines, improved health outcomes and health equity, and advocated for this previously, including in 2023, when the current government reinstated the co-payment for most patients. It is important to note that the government can remove the co-payment for all patients and has other policy levers to apply to address medicines access, beyond this proposal.

Our analysis (see Appendix A) shows that pharmaceutical co-payment collection for the government would reduce by at least $8.5 million per annum, because of the reduced collection of $5 prescription charges with fewer initial items being dispensed under this proposal that could attract a co-payment. This is a lower bound cost estimate, as it has not yet considered the increased fiscal cost impacts that could also arise from increased access (due to removal of the affordability barrier).

- *Diminished patient choice*

12-month prescriptions mean a patient must stay with the same pharmacy for 12 months to collect their repeats. Our health system is founded on patient choice, with patients not required to register or enrol with a pharmacy and only having to return to collect repeats prescriptions from the pharmacy that dispensed the initial script, meaning a maximum current 'bonded' period of three months.

12-month prescriptions would also make it difficult for patients who move between areas, are admitted to care facilities, etc.

- *Reduced patient-general practice interaction*

Fewer engagements with general practice may lead to less frequent health assessments, potentially delaying the diagnosis of new health issues. A possible way to counter this could be funding pharmacists to perform cost-effective and better value for money point-of-care tests (e.g., blood pressure, glucose monitoring) when issuing repeat prescriptions, ensuring ongoing patient monitoring.

- *Improved medicine adherence*

Longer prescriptions may improve medicine adherence, as patients are less likely to run out of medicine, due to having to wait for a prescription renewal from their GP. A study of patients receiving multi-month prescriptions showed a reduction in gaps between refills, leading to better health outcomes.

- *Preparedness for emergencies*

New Zealand is vulnerable to natural disasters such as earthquakes and floods. Longer prescriptions could help ensure patients are better supplied during emergencies, with repeat prescriptions ready to be dispensed to replace lost medicines, reducing pressure on healthcare resources during critical times.

Government policy considerations

Best practice for significant policy decisions (beyond minor administrative matters) generally involves taking an evidence-informed approach through undertaking necessary research, analysis, and consultation.

Furthermore, any changes to regulations are usually informed by the evaluation of existing regulations – through agency monitoring and consideration of the relevant statute and regulatory system – to determine whether they remain fit for purpose under the relevant legislative scheme or are achieving what they were implemented for.

We remain unsure what problem this proposal is trying to solve. We are also unaware of any impact analysis or assessment of any kind undertaken to date regarding this significant proposal.

Outstanding questions

We have many outstanding questions about the proposal, including:

- What is the intent of this proposed policy change? What problem is this policy trying to solve?
- Is it proposed that the 12-month prescription policy apply at prescribers' discretion, or only to specific conditions and/or patient groups?
- It states that 12-month prescriptions will be for patients on long-term stable medicines – is it up to prescribers to define a 'stable' patient?
- Has the government done any impact analysis on this policy? For example, number of patients likely to be considered 'stable', financial impacts on community pharmacy, impact of fewer co-payments on the government budget, etc.
- Has there been any consideration as what type of funded pharmacy service will be needed to ensure this proposal won't negatively impact patient safety?
- If the aim of this proposal is to reduce stress on general practice, has the government instead considered funding the community pharmacy minor health conditions service, and that this could deliver fiscal savings?
- What are the next steps and timeframes in the consultation and decision-making process?

Thank you for considering our response. We look forward to engaging with you further on this significant proposal.

Yours sincerely

Andrew Gaudin
Chief Executive

Appendix A: Detailed analysis of financial impacts on community pharmacy

This analysis has been informed through robust work done in consultation with reCare, which has enabled us to identify the relevant cohort of patients on long-term stable medicines over the last year.

reCare processes 88% of all dispensed items across New Zealand. We have used this data to reliably inform our assessment of the impacts of the lower repeat fees per item that would apply, compared with the higher initial fee paid per item currently received by pharmacies.

Community pharmacy income impacts - Key analysis assumptions		
Initial items dispensed per annum	57,917,789	ICPSA Monitoring Report - July 2024
Repeat items dispensed per annum	36,058,720	ICPSA Monitoring Report - July 2024
Total items dispensed per annum	**93,976,509**	
Initial items dispensed per annum - with repeats	19,733,899	34.1% of initial items dispensed (reCare)
Repeat items dispensed per annum	36,058,720	ICPSA Monitoring Report - July 2024
Total items dispensed with repeats per annum	**55,792,619**	
Total items dispensed with repeats on monthly repeats - per annum	37,759,626	67.7% of total items dispensed with repeats (reCare)
Total items dispensed with repeats on three-monthly repeats - per annum	5,394,232	9.7% of total items dispensed with repeats (reCare)
Total items dispensed with repeats on monthly or three-monthly repeats - per annum	**43,153,858**	77.3% of total items dispensed with repeats (reCare)
Total items dispensed with repeats on monthly repeats and on unchanged medication supply over last year - per annum	**14,531,744**	38.5% of total items dispensed with repeats (reCare)
Total items dispensed with repeats on three-monthly repeats and on unchanged medication supply over last year - per annum	**2,075,963**	38.5% of total items dispensed with repeats (reCare)
Reduced fee income per dispensed item on monthly repeats over 12 month prescription period (vs 4x 3 month prescription)	$1.4975	Pharmacy Guild - based on ICPSA 2024/25 initial / repeat fee difference (excl GST)

Reduced fee income per dispensed item on three-monthly repeats over 12 month prescription period (vs 4x 3 month prescription)	$1.3875	Pharmacy Guild - based on ICPSA 2024/25 initial / repeat fee difference (excl GST)
Annual fee reduction on monthly repeat items	**$21,761,286**	Items dispensed x reduced fee income per dispensed item (excl GST)
Annual fee reduction on three-monthly repeat items	**$2,880,399**	Items dispensed x reduced fee income per dispensed item (excl GST)
Total annual fee reduction	**$24,641,685**	
Effective annual price reduction from 12-month prescription policy proposal (in 2024/25 $ terms)	**(3.17%)**	Pharmacy Guild - based on Health NZ's ICPSA 2024/25 Expenditure Forecast

Government pharmaceutical co-payment income collection impacts - Key analysis assumptions		
Reduced number of initial items on monthly repeat items and on unchanged medication supply over last year - per annum	1,375,479	3/12 of corresponding total items dispensed per annum (for patients aged 15 years to 64 years)
Reduced number of initial items on three-monthly repeat items and on unchanged medications supply over last year - per annum	589,491	3/4 of corresponding total items dispensed per annum (for patients aged 15 years to 64 years)
Total reduced number of initial items from 12-month prescription policy proposal - per annum	**1,964,970**	
Reduced government co-payment income collection impact from 12-month prescription policy proposal - per annum	**$8,543,346**	A fiscal cost to government (excl GST, increased access/demand costs)