

Co-payment policy

Pharmacy Guild position statement – updated July 2024

Our position:

We are strongly in favour of universal co-payment removal.

A universal free prescription policy setting:

- reduces cost-of-living pressures for New Zealanders
- improves New Zealanders' access to pharmacy services by removing cost as a barrier
- enhances equity of health outcomes for New Zealanders
- eases workforce pressures on general practices and hospitals
- generates significant hospital and administrative cost savings
- supports the ongoing sustainability of a diverse network of community pharmacies across New Zealand.

Our advocacy activities:

We have strongly and consistently advocated for co-payment removal since 2018. Working closely with successive Health Ministers and key officials, while being aware of the critical importance and timeline of influencing annual Budget decision-making processes.

In 2023 we pivoted our co-payment removal focus from improving patient access and outcomes, to helping with cost-of-living pressures – given the political focus on this issue.

Key advocacy activities in 2023 included:

- Writing to the Minister of Health and Te Whatu Ora Chief Executive with co-payment removal advice in February
- Meeting with Te Whatu Ora National Commissioning Director in February
- Meeting with the Minister of Health

in March – then providing indicative costings for targeted and full co-payment removal

- Providing a submission on co-payment removal to the Petitions Committee in March.

The Labour government announced the universal removal of the \$5 co-payment from 1 July 2023 as part of the Budget - the decision was made on 11 April. The Guild's work in making this happen was acknowledged in writing by Minister of Health, Hon Dr Ayesha Verrall, who wrote:

"I acknowledge the Pharmacy Guild's many years of advocacy to get the pharmaceutical co-payment removed. I know how many people this decision will help, and I'm so pleased to have had your support in making it happen. I look forward to continuing this positive engagement with the Guild and community pharmacy sector into the future."

In response to the National and Act Party's announcing targeted co-payment policies during the 2023 election campaign, we:

- Wrote to Christopher Luxon, Nicola Willis, David Seymour and Brooke van Velden
- Developed tools to help members lobby local MPs and candidates
- Spoke to and emailed regularly with National health spokesperson Dr Shane Reti regarding co-payment policy, sharing analysis and costing info
- Provided a detailed briefing to the incoming Health Minister in November reiterating our support for universal co-payment removal and our concerns about the possible unintended consequences of targeted removal.



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Ongoing advocacy:

Prior to the re-introduction of a targeted \$5 co-payment removal for super annuitants and low-income earners we raised a range of concerns with the government in November 2023 including:

- this policy would allow the unwanted return of discount pharmacy chains absorbing the \$5 charge to entice customers into store, impacting the sustainability of our diverse network of community pharmacies, resulting in service coverage issues
- pharmacists would return to being 'tax collectors', doing eligibility checks and collecting money from the public, with reduced time for providing health advice to patients
- there would be a significant additional administration burden, both time and cost, with eligibility checks for patient charge exemption.

We raised a range of possible options/solutions for the government to consider:

- extending the eligibility criteria to qualify for a Community Services Card and/or allowing for specialist prescriptions (\$15) to also be free for Community Services Card and Super Gold Card holders
- adoption of a compulsory prescription charge policy setting for those not eligible for free prescriptions (for a level playing field)
- embedding an IT-enabled eligibility checking system prior to implementation for efficiency
- ensuring that community pharmacy is fairly reimbursed for the additional administration time and costs incurred under targeted removal.

Following the introduction of targeted co-payments (on 1 July 2024), we remain committed to working with the government to ensure the best possible co-payment policy settings for community pharmacy.

High level co-payment costing info:

Our cost estimate below is based on costing assumptions used for Budget 2023. All figures exclude GST and are per annum.

Universal co-payment removal	
Cost of universally removing the \$5 co-payment	\$153.7m
Less co-payments currently funded by MSD (pharmaceutical benefits payments)	(\$22.0m)
Net cost	\$131.7m

Targeted co-payment removal – community services and gold card holders	
Cost of targeted removal of the \$5 co-payment	\$79.9m
Less co-payments currently funded by MSD (pharmaceutical benefits payments)	(\$22.0m)
Additional pharmacy admin costs for eligibility checks	\$15.0m
Net cost	\$72.9m

Incremental net costs for universal removal (over targeted removal)	\$58.8m
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Uncounted savings for universal co-payment removal from avoidable hospital admission and ED visit costs	\$84.2m
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More information:

For more detail on our co-payment work, contact membership@pgnz.org.nz or 04 802 8200.