

**Integrated Community Pharmacy Services Agreement
National Annual Agreement Review 2026
Meeting One Minutes**

Date	17 April 2026	
Time	9:00am-11:00am	
Location	By Teams	
Independent Chair	Shenagh Gleisner	
Health New Zealand - Te Whatu Ora	Martin Hefford, Acting Director Funding, Community & Mental Health Astuti Balram, Acting Director Living Well, National Commissioning Nicola Ehau, Regional Planning, Funding & Outcomes Director, Te Manawa Taki Danny Wu, Regional Commissioner - Northern	
Ministry of Health	Laura Seary, Manager Primary & Community Health Care, Ministry of Health	
Representative Groups	Pharmacy Guild	Green Cross Health
	Independent Community Pharmacy Group	Independent Pharmacists Association
Representatives -Self	Alchemy Group	Oakley-Brown Pharmacy Group
	Ashlee Healy	PillDrop
	Bargain Chemist Group	Sam and Eliza Hood
	Bob Buckham	Stellar Pharmacy Group
	Chemist Warehouse Group	Steve Hanmer
	David Bullen	Totem Group
	Gemma Buchanan	Woolworths Pharmacy
	Jatinder (Jay) Girn	Zoom Pharmacy
	NDL Group	
Observers	Nil	
Health NZ in attendance	Andrew Bary, Acting Group Manager Primary Care, Living Well, National Commissioning Chelsea Steen-Jones, Principal Analyst, Investment, Funded Sector Planning and Performance Lisa Britton, Senior Service Development Manager Primary Care, Living Well, National Commissioning	

Meeting papers

		Pack page numbers
1.	2025 Provider Representatives	5 - 6
2.	Memo: Amendments to the NAAR Terms of Reference	7 - 22
3.	Memo: ICPSA Uplift 2026: Summary of Offer	23 - 28
4.	DRAFT Letter of Offer Community Pharmacy Services 2026-27	29 - 45

1. Welcome

Present:

Andrew Gaudin	Pharmacy Guild
David Holt	ICPG
Andrew Bary	Health NZ
Astuti Balram	Health NZ
Lisa Britton	Health NZ
Lydia Wadsworth	Health NZ
Martin Hefford	Health NZ
Shenagh Gleisner	Independent Chair
Chelsea Steen-Jones	Health NZ
Alan Cheng	IPANZ
Bob Buckham	Self
Bronwen Shepherd	Green Cross Health
Cam Monteith	ICPG
Clive Cannons	ICPG
David Holt	ICPG
Gemma Buchanan	Self
Glenn Mills	Pharmacy Guild
Jack Lee	Self
Kerry Oxenham	Self
Linda Hermiston	Self
Nicole Rickman	Pharmacy Guild
Peter Shenoda	Self
Ravnit Lal	Self
Steve Hanmer	Self
Young Son	Self
Ashlee Healey	Self
Alex De Roo	ICPG
Allison Bennett	Ministry of Health
Din Redzepagic	Self

Apologies:

Laura Seary	Ministry of Health
Laith Kourkgy	Health NZ
Joel Sathuluri	Green Cross Health
Jeremy Armes	Woolworths
David Bullen	Self

2. Purpose of the meeting

The primary purpose of the meeting was to commence an initial discussion on the draft letter of offer, including the delivery of a broader programme of work for Community Pharmacy. An additional purpose was to review the terms of reference for NAAR.

3. Representation

The Chair referred to the paper on representation and welcomed new members. The Chair noted this was the last meeting of NAAR for Andrew Gaudin from the Guild and expressed appreciation for the quality of his work and his commitment to Community Pharmacy.

Andrew advised that following his retirement, the Guild's new Interim Chief Executive, Glenn Mills, would replace him on the EAG.

The Guild had circulated a paper (endorsed by Green Cross Health and Totem) to NAAR participants prior to the meeting and spoke to this paper throughout the meeting. Woolworths Pharmacy, Bob Buckham, Gemma Buchanan and Clive Cannons (on behalf of ICPG) also submitted comments before the meeting and spoke to them.

4. NAAR Terms of Reference

Health NZ had sent out revised terms of reference for NAAR and requested feedback from NAAR provider representatives in advance of the meeting.

Health NZ had also sent out some proposed ideas for changes to the NAAR process in 2027, however in the interests of time, this topic was not discussed.

PROPOSAL

That NAAR endorses the updated terms of reference (TOR) for NAAR 2026

DISCUSSION

Some of the key feedback made by NAAR provider representatives included the following

- Too often the agenda and papers for the meetings were not distributed with enough time in advance for proper consideration. The TOR should shift from a non-binding guidance document to one that establishes a defined process.
- A request for more transparency around the methodology for cost pressures, with a desire to ultimately change the ICPSA to enable this.
- The requirement for consensus of NAAR participants is essential. If agreement is not reached, escalation should include consideration by an independent body prior to referral to the Chief Executive of Health NZ.
- There were significant concerns about some of the HNZ's proposed wording around NAAR confidentiality provisions. NAAR provider representatives appreciate the details of the negotiation must remain confidential while in process. However, this has to be balanced with improved and more transparent communication with representative's members, and a sector that has a high level of legitimate interest in the outcomes of the NAAR.

NAAR provider representatives did not endorse HNZ's draft TOR as presented in this meeting and Health NZ were not able to agree to all of the feedback provided by the provider representatives. NAAR was keen that these were resolved, but they did not want to take the time in this NAAR meeting to finalise the new TOR at the expense of progressing the draft letter of offer and it was agreed that for this meeting the current TOR stands.

DECISION

The updated TOR for 2026 were not endorsed. It was decided that a separate workstream be set up to run in parallel to NAAR in order to finalise these TOR and bring them back to NAAR.

NAAR representatives are asked to send their names to Health NZ if they wish to be involved in this work and Health NZ will set up meetings as soon as possible

ACTION

ACTION: 2026017:1	A small group will be established immediately with two or three sessions booked in order to finalise new TOR.
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5. ICPSA Uplift 2026: Summary of Offer and DRAFT Letter of Offer

Health NZ presented a draft letter of offer with five key proposals for initial discussion with NAAR provider representatives.

This letter of offer also covered the ongoing work programme of five different workstreams which are commitments in the ICPSA 2025 letter of offer.

PROPOSAL 1

That NAAR notes and discusses the Annual Uplift offer for 2026/7

DISCUSSION

Some of the key points made by NAAR provider representatives included the following:

- An incremental annual uplift fails to recognise historic underfunding. Sustainability of community pharmacy is under threat, particularly as surcharging is not permitted.
- The PHO agreement Annual Statement of Reasonable Fees Increase (ASFRI) cost input calculation is not specific to pharmacy services, and therefore not appropriate to be used in calculating pharmacy cost pressures.
- The Sustainable Funding Review should address the need for significant cost pressure catch up; however, there is concern that the completion timeline has shifted and that the terms of reference will not deliver what is intended.
- NAAR provider representatives pointed out that including volume driven costs in the offer neglects the reality that additional volume incurs additional costs. Extra activity means extra costs.
- NAAR provider representatives noted the focus on productivity in the HNZ commissioning strategy and indicated an interest in taking a wider view of efficiency in the health system. They noted that inefficiencies in the community pharmacy sector are often driven from problems outside their control, such as prescribing software, NZePS, or policy changes e.g. the 12-month prescription change.
- To truly prioritise primary and community sectors, a wider review of health funding is needed, better enabling community pharmacy to take pressure off general practice and hospitals.
- It is not transparent that general practice and pharmacy are treated equitably

Health NZ responses and key points included the following:

- Health NZ is under considerable budget pressure which puts overall constraints on the whole health sector and funding requires prioritisation. The annual uplift being offered to community pharmacy matches General Practice and is more than the standard NGO uplift.
- Health NZ agreed that the ASFRI may not necessarily be the right set of indices to use for Community Pharmacy.
- Surcharging is a policy issue, and a matter for the Ministry of Health.
- Health NZ's view on volume driven costs differs from NAAR provider representatives. Health NZ has to allocate budget to all costs, including those related to volume increases. In addition, it is expected that the marginal cost of delivery is less than the average cost
- An advisory group including NAAR representatives has been established to support the Sustainable Funding Review. The terms of reference has been shared with the sector group for feedback.

NAAR representatives wished to understand more about how the uplift offer was reached before confirming their response. They asked to see the ASFRI data and workings and also to see the Baseline Expenditure Forecast.

DECISION

No decision was reached about the uplift. It will be further discussed at the next meeting.

ACTIONS

ACTION: 2026017:2	Health NZ will circulate the ASFRI data and workings for the next meeting
ACTION: 2026017:3	Health NZ will circulate the Baseline Expenditure forecast for the next meeting.
ACTION: 2026017:4	NAAR providers on the advisory group for the Sustainable Funding Review will submit feedback on the Terms of Reference

PROPOSAL 2

That NAAR agrees to a redistribution of all funding currently paid at the 2025/26 APAS payment pool level into core service lines.

DISCUSSION

There was in principle agreement with this proposal – NAAR had debated this for many years. Some provider representatives were concerned that this funding that was intended to focus on equity and high needs populations and would no longer be available for this purpose. NAAR provider representatives hope this could be addressed in other ways.

Some NAAR provider representatives stated they could only consider approving this proposal after they have seen the redistribution model to see the impact and how it is applied.

DECISION

NAAR agreed in principle to redistribute all APAS funding into service lines, to be confirmed only after the redistribution model is seen.

ACTION

ACTION: 2026017:5	Health NZ will circulate the APAS redistribution model.
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PROPOSAL 3

That NAAR notes immunisation rates will be lifted by the uplift amount, matching General Practice.

Health NZ is committed to invest in pharmacy-led immunisation delivery.

DISCUSSION

Some of the key points made by NAAR provider representatives included the following

- There is insufficient transparency to assure provider representatives that there is parity with General Practice for immunisation. GPs are paid for immunisation targets, but community pharmacies are not, so they contribute to these targets, without benefit.
- GPs and pharmacies collaborate closely together on immunisations so the incentives for both of them should be the same.

Health NZ noted that:

- Health NZ is offering the same payment for delivering immunisations that GPs receive.
- PHOs have an established performance programme, which has included immunisation targets for their enrolled population. Pharmacies do not have an enrolled population.
- Any changes to the PHO performance programme will be made in negotiations with PHOs and is not relevant for NAAR.
- Health NZ indicated willingness to discuss a performance framework for community pharmacies. Some NAAR provider representatives would be interested in talking about this further.

DECISION

No decision required as this proposal was primarily for information

PROPOSAL 4

That NAAR notes the focus on strengthening cyber security assurance in the ICPSA.

Health NZ requires proactive steps to be taken to ensure community pharmacies meet standards to ensure information is managed and safeguarded. Health NZ plans to incorporate additional clauses into the ICPSA. These clauses are still in development.

Some of the key points made by NAAR provider representatives included the following

- Community pharmacies will need help as they may not have sufficient knowledge to put these systems in place.
- It was suggested that this is something that Health NZ and Medsafe should take responsibility for, especially for e.g. major PMS vendors permitted to connect to the NZePS.
- Concerns about potential additional costs for pharmacies.
- Guidance will be needed for individual pharmacy systems that pharmacies may opt to use outside of the major systems.

Health NZ noted that cyber security and privacy are existing expectations, however agreed that cyber security readiness was a joint responsibility. The specific cyber clauses were still in development and Health NZ will bring them to NAAR once developed.

DECISION

No decision made. Further information will be produced for the next meeting for discussion.

ACTION

ACTION: 2026017:6

Health NZ will present further details and proposed clauses in relation to cyber security

PROPOSAL 5

That NAAR ratifies the proposed adoption of the 2025 Clozapine protocol and incorporates it into the ICPSA.

DISCUSSION

There is no disagreement with the technical work undertaken within the EAG to produce this protocol. The issue NAAR must address is the pricing that is fit for purpose for this protocol.

Health NZ would appreciate any further input on the quantification of the change prior to a longer discussion at the next NAAR meeting

DECISION

No decision made. The pricing issues will be discussed further at the next meeting.

ACTION: 2026017:7

If NAAR provider representatives have any further input on the quantification of the change flowing from the Clozapine Protocol they will contact Health NZ before the next meeting

THE ONGOING PHARMACY WORK PROGRAMME

There are five workstreams in process: Enhanced Pharmacy Services, Sustainable Funding Review, National Community Pharmacy commissioning policy, Increasing prescription length to 12 months and GP Online Access Grant for community pharmacy. At this meeting there was only time to address questions in relation to two of these workstreams.

The Sustainable Funding Review

The importance of the Sustainable Funding Review for the community pharmacy sector was emphasised many times. Concern was expressed that this review is now expected to be completed in December rather than July, as originally promised. Health NZ pointed out that they had always stated that the review and other work programme elements would only begin once the 2025 contract variation was finalised and agreed. This did not occur until later than expected. NAAR pharmacy representatives were not satisfied with the current terms of reference. As noted the NAAR representatives have been invited to provide feedback on the TOR.

The Enhanced Pharmacy Services

NAAR provider representatives sought confirmation that the \$5 million promised to be available for this service in the 25/26 year would be fully spent. They wished to ensure this commitment would be honoured and reminded participants that last year's letter of offer noted the funding may be used for staff training and IT costs to help expand community pharmacy services, which could provide a practical solution to ensure the funding is distributed. A proposal for distribution of unspent funds in the 25/26 year was raised.

Health NZ explained that the \$5 million is available as committed but as it started later in the financial year, it may not be fully expended. For example, the \$5 million can be used now for the establishment digital costs as well as training costs.

Health NZ was asked to bring back further details of this \$5 million for the next meeting.

6. NAAR 2026: Topics for Consideration

NAAR provider representatives had noted in advance a few issues that they wished to be raised during NAAR 2026. Most have been covered in this meeting, but this will be revisited in the next meeting to ensure all have been covered.

7. Next steps

The next meeting will be scheduled for about two weeks hence, with papers for this meeting circulated 5 working days before the meeting. The focus will be upon progressing the letter of offer, including further updates on the pharmacy work programme.

Summary of the actions

Number	Action	Date due
ACTION: 2026174:1	A small group will be established immediately with two or three sessions booked in order to finalise the new TOR.	As soon as possible
ACTION: 2026174:2	Health NZ will circulate the ASFRI data and workings for the next meeting	As part of the next agenda
ACTION: 2026174:3	Health NZ will circulate the Baseline Expenditure forecast for the next meeting.	As part of the next agenda
ACTION: 2026174:4	NAAR providers on the advisory group for the Sustainable Funding Review will submit feedback on the Terms of Reference	As soon as possible
ACTION: 2026174:5	Health NZ will circulate the APAS redistribution model	As part of the next agenda
ACTION: 2026174:6	Health NZ will present further details and proposed clauses in relation to cyber security at the next meeting	As part of the next agenda or as this is developed
ACTION: 2026174:7	If NAAR provider representatives have any further input on the quantification of the change flowing from the Clozapine Protocol, they will contact Health NZ before the next meeting	As soon as possible

Some follow up actions were not formally agreed, but some NAAR provider representatives would like to discuss further:

- Follow up on surcharging with the Ministry of Health
- A potential performance framework for community pharmacies
- The use of the \$5m for enhanced pharmacy services