

OUTPUT AGREEMENT

between

**HER MAJESTY THE QUEEN IN RIGHT OF HER
GOVERNMENT IN NEW ZEALAND (the Crown)**

acting by and through the Minister of Health

and

**THE PHARMACEUTICAL MANAGEMENT AGENCY
(PHARMAC)**

**a Crown entity established under
section 46 of the New Zealand Public Health and Disability Act 2000**

for the Period: 1 July 2008 to 30 June 2009

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1. INTRODUCTION

Parties to the Agreement

1.1 This Output Agreement is between the Crown and PHARMAC.

Purpose of the Agreement

1.2 This Output Agreement is an Agreement in terms of section 170 of the Crown Entities Act 2004 and sets out, for the term of the Agreement (1 July 2008 to 30 June 2009), the:

- services that PHARMAC will provide and the standards for the provision of those services;
- various matters relating to the financial management of PHARMAC, organisational capability and risk management; and
- various ongoing matters such as formalising variations to this Agreement, the reporting obligations of PHARMAC and payment arrangements.

Background

1.3 PHARMAC is a Crown Agent for the purposes of the Crown Entities Act 2004. Pursuant to section 7 of the Crown Entities Act 2004, PHARMAC must give effect to government policy when directed by the responsible Minister.

1.4 The Minister of Health (the Minister) is the Responsible Minister for PHARMAC. The Minister has authorised the Ministry of Health (the Ministry) to act as the agent of the Minister in general matters relating to governance and accountability.

1.5 PHARMAC is funded by the Crown to enable it to fulfil its statutory functions, which are set out in section 48 of the New Zealand Public Health and Disability Act 2000 (the Act). As provided for in that Act "The functions of PHARMAC are to perform the following within the amount of funding provided to it and in accordance with its statement of intent (including the statement of forecast service performance) and (subject to section 65) and directions given under the Crown Entities Act 2004:

- (a) maintain and manage a pharmaceutical schedule that applies consistently throughout New Zealand, including determining eligibility and criteria for the provision of subsidies
- (b) manage incidental matters arising out of paragraph (a), including in exceptional circumstances providing subsidies for the supply of pharmaceuticals not on the pharmaceutical schedule
- (c) engage at it sees fit, but within its operational budget, in research to meet the objectives set out in section 47(a)
- (d) promote the responsible use of pharmaceuticals
- (e) any other functions it is for the time being given by or under any enactment, or authorised to perform by the Minister by written notice to the board of Pharmac after consultation with it."

1.6 The Services specified in this Output Agreement are all services that PHARMAC provides and are not limited to those funded through Vote Health. PHARMAC receives funding to provide some of its Services from District Health Boards.

- 1.7 The Crown and PHARMAC have agreed to enter into this Output Agreement setting out the terms and conditions on which PHARMAC will provide its Services.

Respective roles of the parties

Minister of Health on behalf of the Crown

- 1.8 The role of the Minister in relation to this Output Agreement is to:
- determine the New Zealand Health Strategy and the New Zealand Disability Strategy
 - obtain Parliamentary appropriations with which to fund PHARMAC for the Services specified in this Output Agreement
 - set expectations to inform and guide PHARMAC's preparation of its Output Agreement and Statement of Intent, consistent with the level of funding available
 - monitor the performance of PHARMAC against its Output Agreement
 - hold PHARMAC accountable for its performance under this Output Agreement
 - undertake other roles as set out in the Crown Entities Act 2004, the New Zealand Public Health and Disability Act 2000, the Public Finance Act 1989 and other relevant statutes and regulations.

Ministry of Health on behalf of the Minister of Health

- 1.9 The Minister is accountable to Parliament for the performance of the Ministry. The Ministry of Health:
- acts as the Minister's agent in the Minister's relationship with PHARMAC
 - manages the payment to PHARMAC of funding from the Crown for the provision of the Services specified in Schedule B of this Output Agreement.

The Pharmaceutical Management Agency

- 1.10 PHARMAC is accountable to the Minister for its performance under this Output Agreement. PHARMAC is to ensure that it delivers the Services specified in this Output Agreement, achieves the financial performance specified in its Statement of Intent for 2008/09 and provides the reports specified in this Output Agreement.
- 1.11 PHARMAC remains accountable for the delivery and performance of any part of the Services specified in this Output Agreement or any part of its operations that it has contracted a third party to deliver.
- 1.12 PHARMAC is expected at all times to maintain the capability needed to meet its responsibilities under this Output Agreement. PHARMAC must inform the Ministry of any significant capability issues that arise that are likely to interfere with the delivery of Services under this Output Agreement.
- 1.13 In providing the Services specified in this Output Agreement PHARMAC will comply with all of its legal obligations, including those set out in the New Zealand Public Health and Disability Act 2000, the Crown Entities Act 2004, the Public Finance Act 1989 and all relevant statutes and regulations.

- 1.14 In performing its obligations under this Output Agreement PHARMAC will observe the principles of the Treaty of Waitangi.

2. SERVICE DELIVERY PERFORMANCE

Services to be provided

- 2.1 PHARMAC will deliver the Services described in Schedule B of this Output Agreement consistent with the quantitative and qualitative performance measures set out in the Schedules. Schedule B sets out the services PHARMAC will provide for funding received through Vote Health.
- 2.2 In the event that PHARMAC may be unable to meet any of the standards for the provision of Services described by the performance measures, PHARMAC will inform the Ministry of the risk as soon as practicable. Depending on the significance of the matter, PHARMAC may advise the Ministry prior to the next scheduled quarterly report.
- 2.3 PHARMAC will, as part of that advice, propose the responses or actions it will take to achieve the provision of the Services as specified.

Funding from Vote Health

- 2.4 The Minister, on behalf of the Crown, agrees that PHARMAC will be paid a total of sixteen million, nine hundred and eighty nine thousand dollars (\$16,989,000) for the year (GST exclusive) from Vote Health. Of this total amount, PHARMAC will be paid eleven million, nine hundred and eighty nine thousand dollars (\$11,989,000) for delivering Services in Schedule B, and five million dollars (\$5,000,000) for the drug costs associated with the 12 month arm of the Herceptin trial, consistent with the payment schedule set out in Schedule C of this Output Agreement. Payment in accordance with Schedule C to this Output Agreement is contingent on PHARMAC providing the Services in Output One in accordance with this Output Agreement.

Intellectual Property

- 2.5 Any publication resulting from the Services provided under this Output agreement shall be owned by PHARMAC. The Ministry shall be entitled to use the work for health purposes.
- 2.6 Clause 2.6 will survive expiry or termination of this Output Agreement.

3. FINANCIAL MANAGEMENT

Projected Financial Performance

- 3.1 The projected financial performance of PHARMAC for the term of this Output Agreement in delivering the functions in the New Zealand Public Health and Disability Act 2000 is set out in its Statement of Intent.

Financial Operating Environment

- 3.2 The financial operating environment for PHARMAC in its delivery of its functions under the New Zealand Public Health and Disability Act 2000 is based on the Public Finance Act 1989 and the Crown Entities Act 2004.

Crown Accounting Policies

- 3.3 PHARMAC will follow generally accepted accounting practices within the accounting profession and, in particular, will follow Crown accounting policies.

Restrictions on Investments

- 3.4 Section 161 of the Crown Entities Act 2004 applies.

Application of the Public Finance Act 1989 and the Crown Entities Act 2004

- 3.5 The Minister and PHARMAC agree that Parliament has appropriated the money provided under this Output Agreement for delivery of the Services in Output One stated in Schedule B, and that the Public Finance Act 1989 applies to the appropriation. The Minister and PHARMAC also agree that the requirements of the Public Finance Act 1989 govern the use of money under this Output Agreement and that money provided under this Output Agreement can only be used by PHARMAC for the purposes set out in this Output Agreement.
- 3.6 The Minister and PHARMAC also note that PHARMAC will produce a Statement of Intent and Annual Report as stated in section 139 and section 150 of the Crown Entities Act 2004 and that this Statement of Intent will consolidate the projected performance of the whole of PHARMAC's operations. That is, the Statement of Intent and Annual Report will address PHARMAC's performance in its delivery of its outputs and functions under section 48 of the New Zealand Public Health and Disability Act 2000. This includes the Services in Output One stated in Schedule B.

Use of Surplus Funding

- 3.7 Surpluses, arising from the efficient delivery of Services, can be retained by PHARMAC, subject to section 165 of the Crown Entities Act 2004. Expenditure of any surplus is at the discretion of the PHARMAC Board. Spending of any surpluses must be consistent with PHARMAC's statutory functions.
- 3.8 Under section 165 of the Crown Entities Act 2004, the Minister of Finance may direct PHARMAC to pay to the Crown any surpluses.

4. REPORTING REQUIREMENTS OF BOTH PARTIES

- 4.1 PHARMAC will provide the Minister and the Ministry with information that enables monitoring of its performance against this Output Agreement in its delivery of the Services in Output One stated in Schedule B. The Minister and the Ministry will likewise provide PHARMAC with the information it requires to fulfil its obligations under this Output Agreement.
- 4.2 PHARMAC will provide full financial statements for all activities administered by PHARMAC through this Output Agreement.

- 4.3 Ongoing dialogue and meetings between the Minister, Ministry and PHARMAC will support formal reporting. The Minister will meet periodically with the PHARMAC Board (or the Chair on the Board's behalf) during the year to discuss matters raised by the Minister and the Board. The Minister will meet with the Chief Executive periodically during the year to discuss specific issues raised by the Minister and the Chief Executive.

Reporting Requirements

- 4.4 PHARMAC will provide the Minister, through the Ministry, with the following service delivery and financial performance reports during the term of this Output Agreement.
- 4.5 Where the dates for the provision of the reports in clauses 4.6 and 4.8 below coincide, PHARMAC may provide the reports separately, or as a single report, as PHARMAC sees fit.

PHARMAC Formal Reports

Monthly Reports

- 4.6 PHARMAC will provide the Minister and the Ministry of Health with a monthly report by the 20th working day of the following month covering, at a minimum:
- major Schedule decisions;
 - significant issues or developments the Minister or Ministry should be aware of, including any potential non-performance against the Output Agreement; and
 - PHARMAC's operational and Access & Optimal Use financial performance showing:
 - Year to date: actual, budget, variance (\$), variance (%), with commentary to explain significant variances;
 - Year to date financial performance;
 - Year to date financial position;
 - Year end forecast; and
 - Year end budget.

Quarterly Reports

- 4.7 Each quarter, the monthly report aligning with the end of a quarter will also contain:
- performance against all 2008/09 deliverables due in the previous quarter;
 - an update on price, volume, mix and expenditure indices;
 - full financial Statements; and
 - use of the Legal Risk Fund, including explaining why the Fund has been used.

PHARMAC Informal Reports

4.8 In addition to the formal reports specified in clauses 4.6 and 4.7 above, PHARMAC will at any time:

- alert the Minister and the Ministry to any non-delivery or material factors that could preclude the achievement of any obligation or expectation set out in this Agreement or in any Statement of Owner's Expectations issued by the Minister
- inform the Minister and the Ministry of any issue likely to be of significance to the Minister or the Government
- inform the Minister and the Ministry of any issue likely to be of significance to the Minister or the Government as owner of PHARMAC, for example any capability issues impacting on the ability of PHARMAC to fulfil any of its functions under New Zealand Public Health and Disability Act 2000
- use its best endeavours to accommodate specific requests from the Ministry, including for attendance at meetings with officials.

Minister's Advice to PHARMAC

4.9 The Ministry, on behalf of the Minister, will, in a timely manner:

- alert PHARMAC to any emerging factors that the Minister is aware of that could preclude the achievement of any obligation or expectation set out in this Output Agreement
- inform PHARMAC of any issue likely to be of significance to them
- use its best endeavours to accommodate specific requests from PHARMAC, including for attendance at meetings with officials.

Management of Policy Change

4.10 The Minister, on behalf of the Crown, will, to the extent that this is appropriate and not related to the exercise of statutory powers, functions, or duties:

- ensure PHARMAC is consulted prior to introducing any new policy that might impact significantly on PHARMAC
- negotiate with PHARMAC, in the context of the development of PHARMAC's Statement of Intent and/or Output Agreement, changes to the range or scope of services to be funded
- negotiate with PHARMAC, in the context of the development of PHARMAC's Statement of Intent and/or Output Agreement, any changes to current funding strategies or methodologies.

Ministerial Servicing

4.11 From time to time the Ministry or the Minister will require information from PHARMAC to:

- prepare Ministerial briefings and draft speech notes in relation to PHARMAC

- deal with Ministerial correspondence and select committee inquiries in relation to PHARMAC
- respond to Parliamentary questions in relation to PHARMAC.

PHARMAC has agreed to provide the Ministry with this information within the following timeframes when requested, subject to any legal restrictions:

Request Type	Response Time
Ministerial briefings	As agreed with the Ministry of Health at the time of the request
Speeches	As agreed with the Ministry of Health at the time of the request
Parliamentary questions (PQs)	Written PQs – within 2 working days Oral PQs – by 12 midday same day
Routine ministerial correspondence	Within 4 working days
Select Committee inquiries	As agreed with the Ministry of Health at the time of the request

5. TERM AND VARIATIONS TO THE AGREEMENT

Term of the Output Agreement

5.1 This Output Agreement commences on 1 July 2008 and expires on 30 June 2009.

Variations to the Output Agreement

5.2 This Output Agreement may be varied at any time during its term by the mutual consent of both parties. All amendments shall be recorded in writing, signed by the Chair on behalf of PHARMAC and by the Minister.

5.3 In the event that PHARMAC considers the specification of Services to no longer be appropriate or that a significant shift in the services (as specified in this Output Agreement) is required, PHARMAC will propose a variation to the Agreement.

5.4 In seeking a variation PHARMAC will include a description of the situation and the nature of the variation sought, as well as justification for the variation and a statement of the financial implications.

5.5 The signed variation will be read as part of this Output Agreement. Copies of the original Output Agreement and variations to this Output Agreement will be held by both PHARMAC and the Ministry.

Next Funding Period

5.6 PHARMAC and the Minister agree that they will negotiate with each other in good faith with a view to entering into an Output Agreement for the provision of services for the next financial year, 2009/10, prior to its commencement.

6. DISPUTES RESOLUTION PROCESS

- 6.1 If any dispute arises between PHARMAC and the Minister under this Output Agreement that is regarded by either party as material and is unable to be resolved informally, the dispute resolution process described in this section shall apply.
- 6.2 Except as set out in this clause, this dispute resolution process shall not limit the ability of the Minister, the Ministry, or PHARMAC to carry out their statutory functions, duties, and powers at any time.

Notification of Dispute

- 6.3 PHARMAC's Chairperson, the Director-General of Health or their respective delegates may provide written notice of a dispute under this Output Agreement to the other. In the event that one party gives written notice under this clause, the parties will first endeavour to settle the concerns by discussion between nominated representatives.
- 6.4 The parties agree to undertake these discussions in good faith and with a view to reaching settlement within 20 working days and without the necessity to escalate the matter.

Referral to the Minister

- 6.5 In the event that PHARMAC's Chairperson, the Director-General of Health or their respective delegates are unable to resolve the dispute within 20 working days (or such longer period as may be agreed by both parties) the parties shall in good faith:
- ensure the uninterrupted provision of the Services Schedule B
 - ensure the continuation of payments according to Schedule C
 - prepare an agreed summary (or failing agreement, prepare separate written summaries) of the basis of the dispute and the issues involved, together with their reasons for not reaching an agreement
 - submit the summary or summaries to the Minister as soon as practicable.

Meeting with the Minister

- 6.6 The Director-General of Health and PHARMAC's Chairperson or their respective delegates will meet with the Minister as soon as practicable after the summary or the summaries are submitted, with a view to achieving a resolution of the dispute.
- 6.7 In the event that resolution is not reached, the dispute may be resolved by the decision of the Minister and the Minister's decision shall be final and binding.

7. AUDIT

- 7.1 PHARMAC will provide the Minister with information, on request, within the control of PHARMAC Board that enables the Ministry on the Minister's behalf, to conduct special reviews and audits of PHARMAC's performance, which may be carried out as often as the Crown reasonably believes those reviews and audits are required as agreed between the parties.

8. ADDRESSES FOR CORRESPONDENCE

- 8.1 For the purposes of this Output Agreement, the addresses for correspondence between the parties are:

Anthony Hill
Deputy Director-General
Sector Accountability and Funding Directorate
Ministry of Health
PO Box 5013
Wellington

Matthew Brougham
Chief Executive
Pharmaceutical Management Agency of New Zealand
PO Box 10-254
Wellington

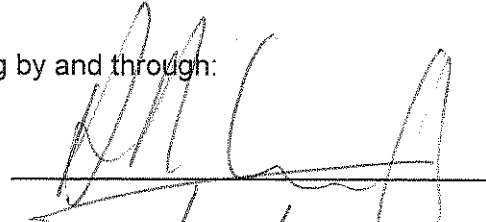
9. AGREEMENT AND SIGNATURES

EXECUTED by HER MAJESTY

THE QUEEN IN RIGHT OF NEW ZEALAND acting by and through:

Hon David Cunliffe

Minister of Health



Date: 5/8/00

in the presence of:

Signature Andrew Johnson

Name ANDREW LAWRENCE JOHNSON

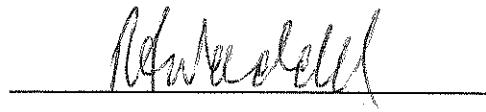
Address WELLINGTON

Occupation PUBLIC SERVANT

And for the **Pharmaceutical Management Agency** by

Richard Waddell

Chair



Date: 25/6/08

in the presence of:

Signature Dione Buysman

Name Dione Buysman - Bakkum, Office

Address C/- PHARMAC, Level 14, Commerce St Wellington

Occupation Office Manager

SCHEDULE A: DEFINITIONS AND INTERPRETATION

Definitions

The words used in this Agreement not specifically defined have the meanings given to them in PHARMAC Act. Unless the context requires otherwise:

- **“Crown entity”** has the same meaning as in section 7 of the Crown Entities Act 2004
- **“day”** means any period of up to 24 consecutive hours ending at midnight
- **“Output Agreement”** means an agreement, which pursuant to section 170 of the Crown Entities Act 2004, assists a Minister and a Crown entity to clarify, align, and manage their respective expectations and responsibilities in relation to the funding and production of certain outputs, including the particular standards, terms, and conditions under which the Crown entity will deliver and be paid for the specified outputs
- **“Minister”** means the Minister of Health
- **“Ministry”** means the Ministry of Health
- **“PHARMAC”** means the Pharmaceutical Management Agency established under the the New Zealand Public Health and Disability Act 2000
- **“Parties”** means PHARMAC and the Crown
- **“Services”** means the services specified in Schedule B
- **“Statement of Intent”** means a statement of intent for PHARMAC, prepared in accordance with the requirements of the New Zealand Public Health and Disability Act 2000 and the Public Finance Act 1989

Interpretation

Unless the context requires otherwise:

- (a) headings shall be ignored and shall not affect the construction of this document
- (b) the singular shall include the plural and vice versa
- (c) a reference to one gender shall include the other
- (d) “person” shall include any individual, company, corporation, firm, partnership, joint venture, association, organisation, trust, in each case whether or not having a separate legal personality
- (e) expressions referring to “writing” shall be construed as including references to words printed, typewritten or otherwise visibly represented, copied or reproduced (including by facsimile)
- (f) the expressions “papers” and “records” shall be construed as including writings or material, whether in their original or any copied form or at any time stored or recorded in any data retrieval system
- (g) a reference to any legislation (or any provision of legislation) shall be read as if the words “including any legislative modification or re-enactment of it or any legislation substituted for it” were added to the reference.

SCHEDULE B: SERVICES TO BE PROVIDED FULLY OR IN PART UNDER VOTE HEALTH

Output One: Securing the best achievable health outcomes from pharmaceutical treatment, within the amount of funding provided.

This is PHARMAC’s only Output, but covers a number of activities. PHARMAC will meet the service description and performance measures for this Output set out in the table below. The output has six main components:

- Schedule management
- Exceptional circumstances
- Assessment and procurement on behalf of DHB’s
- Responsible use of pharmaceuticals
- Equitable access
- Research

For any responsibilities under this Output Agreement with unspecified deliverables, it is the responsibility of PHARMAC to agree with the Ministry the timing and quality requirements for the discharge of those responsibilities.

#	2008/09 Initiative / Activity	Measure
<p>Schedule management & Contract Management – PHARMAC’s core business continues to be management of pharmaceutical expenditure on behalf of DHBs. PHARMAC will ensure that the Community and Hospital Pharmaceutical Schedules are managed in a manner that ensures treatments are appropriately prioritised and listed, and that maximises health outcomes from within the funding available.</p>		
1.1	Manage community pharmaceutical expenditure.	Expenditure managed within \$653 million as at 30 June 2009.
		Conduct economic assessments on all major pharmaceutical investments.
		Consult as appropriate on management of the Pharmaceutical Schedule.
		Use commercial strategies to obtain best health outcomes from the available pharmaceutical funding.
		Make decisions on >90% of line items in the 2008 tender by 30 September 2008.
		Consult on the contents of the 2009 tender by 31 October 2008.
		Update DHBs quarterly on pharmaceutical budget management.
1.2	Produce and distribute the Community Pharmaceutical Schedule.	Produce and distribute the Community Schedule in August 2008, December 2008, and April 2009.
		Publish and distribute monthly updates to the Pharmaceutical Schedule.

#	2008/09 Initiative / Activity	Measure
		Provide real-time electronic access to the Schedule via the PHARMAC website.
1.3	Produce and distribute the Hospital Pharmaceutical Schedule.	Produce and distribute the Hospital Schedule in July 2008, November 2008 and March 2009.
1.4	Manage pharmaceutical supplier contracts.	Ensure suppliers make rebate payments by due dates.
		Investigate development of an improved system for delivery of hospital data from DHBs to PHARMAC by June 30 2009.
		Make rebate payments to DHBs three times per year.
1.5	Monitor DHB hospital compliance with restricted brand contracts.	Provide a report to DHBs by 31 December 2008.
		Provide a report to suppliers by 31 December 2008.
1.6	Streamline and improve Special Authority rules including prescriber restrictions.	Review and amend, as appropriate, Special Authority restrictions.
		Increase uptake of electronic Special Authority service.
1.7	Receive objective advice from the Pharmacology and Therapeutics Advisory Committee.	Convene a minimum of four PTAC meetings per year.
1.8	Setting the Community Pharmaceutical Budget.	Provide a budget proposal to DHBs by 31 January 2009.
		Make a budget recommendation to the Minister by 31 May 2009.
1.9	Work with the Ministry of Health and DHBs to determine community pharmaceutical budget-setting principles.	Provide input to the Ministry of Health and DHBs as required within agreed timeframes.
1.10	The Pharmaceutical Schedule applies nationally.	Monitor compliance with the Pharmaceutical Schedule across DHBs.
Special access to medicines – PHARMAC will undertake timely and robust consideration of pharmaceutical use in exceptional circumstances, and manage special access medicines through specialist panels.		
2.1	Management of Exceptional Circumstances schemes.	Process at least 90% of applications for Community Exceptional Circumstances applications within 4 weeks.
		Process at least 80% of applications for Hospital Exceptional Circumstances applications within 48 hours.
		Process at least 80% of applications for Cancer Exceptional Circumstances applications within 72 hours.
2.2	Review of Exceptional Circumstances	Consult with interested parties on a review by 31 December

#	2008/09 Initiative / Activity	Measure
	Schemes.	2008. Make changes to the schemes as necessary by 30 June 2009.
2.3	Management of special access medicines.	Maintain an accurate database of patients receiving special access medicines. Convene and consult with special access medicines panels as appropriate. Process applications for special access medicines in a timely way. Distribute special access medicines to patients in a timely way.
<p>Assessment and procurement on behalf of DHBs – PHARMAC will, as agreed with DHBs, assist in the procurement of hospital supplies in line with PHARMAC’s legislative functions. PHARMAC will robustly assess procurement opportunities, make procurement recommendations to DHBs as appropriate, and focus on continual service improvement to DHBs (including information sharing and communication of cost savings).</p>		
3.1	Economic assessments of hospital pharmaceuticals.	Conduct assessments based on DHB need and publish assessments on secure website (accessible to DHBs).
3.2	Management of national procurement contracts	Monitor compliance with requirements of national supply contracts.
3.3	Continue work in assisting DHBs to procure products used in DHB hospitals.	Complete investigation of options for orthopaedic prostheses purchasing by 31 December 2008. Implement actions resulting from investigation of orthopaedic prostheses market for the 2008/09 year. Conduct further work on national procurement as agreed with DHBs,
<p>Access and Optimal Use – PHARMAC will engage in strategies to promote the optimal prescribing and use of medicines. PHARMAC will seek to align with other health sector activity, particularly in relation to the management of chronic conditions. PHARMAC will engage in initiatives to promote the appropriate use of pharmaceuticals by disadvantaged populations, including Maori, to improve health outcomes.</p>		
4.1	Provide support for pharmaceutical funding decisions.	Produce information for patients and/or health professionals to assist the implementation of pharmaceutical funding decisions.
4.2	Optimal use of antipsychotic medications.	Evaluate the effectiveness of Drug Utilisation Evaluations for antipsychotics in managed care by 31 January 2009.
4.3	Identify and evaluate issues around multiple medicine use (polypharmacy).	Develop a programme in relation to high risk medicines for implementation in 2009/10 arising from the 2007 Polypharmacy Feasibility Study.

		Develop a nationally consistent tool kit for DHBs to implement Medicines Reconciliation projects within DHB hospitals by 30 June 2009.
4.4	Wise Use of Antibiotics campaign.	Deliver the annual Wise Use of Antibiotics campaign by 31 July 2008. Evaluate the 2008 Wise Use of Antibiotics campaign by 30 April 2009.
4.5	Deliver the One Heart Many Lives campaign.	Support the continued implementation of the One Heart Many Lives campaign in Hawke's Bay. Support the continued implementation of the One Heart Many Lives campaign in Northland. Support the continued implementation of the One Heart Many Lives campaign in Lakes DHB region. Develop a One Heart Many Lives campaign in at least one other region.
4.6	Appropriate treatment of childhood asthma.	Implement decision support tools in line with evidence based guidelines by 1 December 2008.
4.7	Work with other agencies to promote the optimal use of medicines.	Work with bpac ^{NZ} to promote the responsible use of pharmaceuticals through continuing medical education programmes Work with DHBs to improve optimal use of medicines, through engagement with the Safe and Quality Use of Medicines group and DHB Joint Working Group.
4.8	Development of a National Formulary.	Assist the Ministry of Health and DHBs to develop a National Formulary in line with agreed milestones.
4.9	Improving access to medicines by reducing inequalities.	Continue the national roll out of He Rongoa Pai, He Oranga Whanau training programme and resources. Review the respiratory therapeutic group in relation to Māori health by 30 June 2009.
Research – PHARMAC will manage research to generate further information on the optimal duration of Herceptin therapy.		
5.1	Manage funding for support of the SOLD	As per contract milestones.

	clinical trial.	
5.2	Manage funding for New Zealand's participation in the SOLD trial.	<p>Manage funding allocated for 2008/09 year</p> <p>Make timely payments for reimbursement of additional trastuzumab costs to oncology centres.</p>
<p>General expectations and business improvement – In line with PHARMAC's strategic plan and the expectations of Medicines New Zealand, PHARMAC will undertake work to improve its internal processes and improve relationships with stakeholders to improve the medicines system overall.</p>		
6.1	Improve engagement with DHBs.	<p>Agree a Memorandum of Understanding with DHBs by 30 June 2009.</p> <p>Regularly update DHB decision groups (Service Improvement Group, regional agendas) on PHARMAC activity.</p>
6.2	Improve stakeholder engagement.	<p>Publish guidance for stakeholders to enable them to better contribute to the pharmaceutical funding process by 31 December 2008.</p> <p>Publish public summaries of pharmaceutical funding decisions by 30 June 2009.</p> <p>Hold a PHARMAC Forum by 30 June 2009.</p>
6.3	Improve communications.	<p>Develop a centralised resource management system to allow access to PHARMAC resources including patient and health professional information by 31 December 2008.</p> <p>Publish information sheets by 31 December 2008.</p>
6.4	Ensure optimal advice and performance of advisory committees.	<p>Work with the Ministry of Health to review the Pharmacology and Therapeutics Advisory Committee (PTAC) Appointment Protocol by 31 December 2008.</p> <p>Consult on changes to the Pharmacology and Therapeutics Advisory Committee (PTAC) Guidelines by 31 December 2008.</p> <p>Implement any changes to PTAC guidelines as required by 30 June 2009.</p> <p>Consult on changes to the Terms of Reference of the Consumer Advisory Committee by 31 December 2008.</p> <p>Implement any changes to CAC Terms of Reference as required by 30 June 2009.</p>

SCHEDULE C: PAYMENT TERMS AND SCHEDULE OF PAYMENTS

The Minister, on behalf of the Crown, agrees that PHARMAC will be paid a total of sixteen million, nine hundred and eighty nine thousand dollars (\$16,989,000) for the period 1 July 2008 to 30 June 2009 by way of direct credit to PHARMAC's nominated bank account. The Minister shall pay monthly instalments on the 4th day of each month of \$1,415,750 (GST exclusive).