Independent Community Pharmacy Group Inc.

Rapidly improve community health via Fees-Free Prescriptions for All

Position Paper, March 2023

> *Whānau who would not normally collect their medications are collecting them [thanks to the temporary cyclone-related prescription fee waiver]. One teenager was previously not collecting insulin regularly and now she is, and the difference is now her blood glucose levels are well maintained.*
>
> - Rural pharmacist, Lower North Island, March 2023

Summary: The patient co-payment fee on prescriptions is harming physical and mental health and wellbeing, by increasing health crises, pain, shame, and unnecessary hospitalisations around the country. Removing this government-imposed healthcare barrier for everyone would increase access to basic medicines, producing immediate positive effects for community health, and reducing the burden on our over-extended healthcare system.

Community health and wellbeing – helping us to be able to have fun with whānau and friends, support our neighbourhoods, focus at work & school, and enjoy being active – rely on all of us having guaranteed access to vital medicines whenever we need them.

Current problem: the prescription fee is leading to poorer health and hospitalisations

Right now, access to necessary medicines and healthcare is blocked for many by government prescription fees or "co-payments" targeted to most patients aged 14 years and over, for almost every item prescribed. For families with high health needs, just one trip to the doctors could result in prescriptions costing $50-$70 or more (the fee is $5 per item, up to $100 per family per year).[i]

> *Seeing people choose their medicine based on the perception of what they need the most is soul destroying.*
>
> – Suburban pharmacist, Wellington region, March 2023

- **The fee is preventing people from accessing healthcare:** Sometimes patients cannot access vital medicines at all due to the fees: 137,000 adults in New Zealand had at least one unfilled prescription due to cost in 2021/22, an increase from the previous year (and likely to have increased again due to the cost-of-living crisis).[ii] Without prescriptions, patients' pain and/or illness and/or likelihood of a mental health crisis gets worse – even after they have sought help from the health system. People report going without pain relief, heart medication, and/or medication to prevent migraines, in order to afford anti-depressants; going without asthma prevention and thyroid medication to pick up acute asthma medication; and putting with seizures due to needing to prioritise anti-depressants over antiepileptics.[iii]
- **The fee is forcing people to make impossible choices:** Sometimes people go without good food, heating and/or clean clothes in order to access their medicines, or they take less than the prescribed dose to make the prescription last longer. These forced strategies increase the risk of further illness, and needing further medicines.[iii]

- **The fee creates shame and humiliation for people:** Not being able to afford vital medicines can make people feel ashamed, embarrassed, and/or whakamā.[iii] Shame adds to toxic stress, and can lead to low self-esteem, depression and despair.[iv] One person told researchers he forewent an anti-psychotic rather than take pharmacy charity: "Mum brought us up not to just take." [iii]
- **The fee leads to people ending up in hospital:** Prescription fees are significantly increasing the number of people admitted to hospital – creating high levels of entirely unnecessary and preventable distress. In recent University of Otago research, fee waivers for people with chronic disease in high deprivation areas reduced the number of participants admitted to hospital by 30% compared to a control group (adjusted for rurality).[v] The study also suggested the overall numbers of days in hospital would be reduced for the intervention group by around 30%. The reduction in hospital days for COPD (chronic lung disease) was statistically significant at 80%. These results align with a Hutt Valley study[vi] in a similar population that found removal of the co-payment "led to a significant reduction in emergency department presentations, inpatient admissions and bed days"[vii]
- **The fee is contributing to nationwide health inequities:** For example, Māori are over 3 times more likely, and disabled people are 7 times more likely, to go without prescriptions due to cost.[ii]

These impacts not only affect the patient but can also affect their children, family and friends, support networks and wider communities, as well as placing further demand on an already over-stretched healthcare system struggling with staffing shortages.

Current work-arounds are failing communities

The system is exploiting the good ethics of community pharmacies (unsustainable, unacknowledged informal charity): The impacts on patients of the co-payment are so severe that many community pharmacies commit a lot of their limited time and resources – for free – to finding sources of funding for patients who cannot fill prescriptions due to cost. In some cases, they pay the government fee themselves, rather than letting the health system block patient access to necessary medicines. But these options are unsustainable for community pharmacies who already provide vital primary healthcare services, such as medicine advice and delivery, often for free[viii].

> *"It's a huge burden on my own mental health as I'm stuck between trying to balance running a business vs giving out scripts for free so our vulnerable in the community don't go out without medication. I think it's also demoralizing professionally […] hence the workforce crisis we have in pharmacy."* - Rural Pharmacist, Central North Island, March 2023

Corporate pharmacies are using prescriptions as a loss leader (limited, uncertain): Corporate pharmacies pay or discount the fee themselves as a commercial strategy. But these pharmacies are only accessible to some patients in limited urban areas, risking inequities "for our most under-served population" (MoH).[ix] In addition, their discounting has already led to some community pharmacies closing their doors, leaving areas poorer in healthcare. There is no guarantee corporate pharmacies will continue to pay the

government fee, and less reason for them to do so once competition has been removed. There are risks when health access relies on commercial priorities.

Prescription Subsidy Card ("poorly understood" (MoH)[x], unaffordable): Once families have paid 20 prescription fees ($100) within a year, they can be issued a prescription subsidy card, meaning they no longer have to pay the co-payment for the rest of the year. Many eligible do not know about the card or don't know it applies to a family rather than an individual. Some struggle to find $100 in the early weeks of each yearly cycle – to the point that some may not be able to 'afford' the card at all.[iii]

> *Participants spoke of regular costs of around $35 to around $75, which were completely beyond their ability to pay. […] One participant pointed out how difficult it can be for people with mental health problems and for people on a lot of medicines to keep track of receipts and take them to one pharmacy to get an exemption card, and then to keep this for future prescriptions.*
>
> 2016 study on prescription charges and poverty[iii]

Disability Allowance (inadequate when required): This targeted payment can ostensibly cover prescription charges – but it is paid weekly throughout the year whereas people's expenditure for medicines is "concentrated in the first part of the year (until they reached the 20 item payment ceiling)".[iii]

Mental Health (Compulsory Assessment & Treatment) Act (inadequate; confusing): Mental health patients discharged from hospital while still being treated under the Act are eligible for fees-free prescriptions. However, once they get a bit "better", they are no longer under the Act and it is left to pharmacists to explain they now have to pay the government charge:

> *This frequently results in the patient leaving the pharmacy without their medicines, and we later hear they have been readmitted to the mental health ward at the hospital. I have had two such patients just this week alone. We offer to set up a small weekly payment plan [for free] to cover the costs, but this is not always successful. […] Often the patient will come in asking to "take money out" for groceries.*
>
> - Rural pharmacist, North Island, March 2023

All this makes it clear that the status quo is untenable and that something needs to change for the good of all New Zealanders. We considered two policy options: universal removal of the fee, and a broad targeted waiver. Based on this analysis (see appendix), universal removal is our strong recommendation.

Recommendation

Enhance community health and wellbeing by removing the patient co-payment (government fee) on prescriptions for all, to ensure everyone has access to the vital medicines they need.

Implementation must be designed so that the policy supports te Tiriti o Waitangi and improved health equity, by including (for example) thorough and appropriate promotion specifically for equity groups.

Expected outcomes of prescription fee removal: better health and wellbeing for all

- **Better prescriptions access**: access to prescriptions would likely increase by 20%-25%, based on the evidence prior positive policy interventions:
    - Access to prescribed medicines (measured by dispensing) increased by 24% for children aged 12 and under when the National-led government introduced fees-free prescriptions for that age group in 2015[xi]
    - Access to prescribed medicines increased by 22% in a study of 145 people with chronic illness, high medical needs and limited financial resources in Hutt Valley[vi]

  Better access to vital medicines will mean people heal, get pain relief and get better faster, and can get on with living their lives to the full, rather than worrying, having to make impossible choices, and sometimes getting so sick they require hospital care.

- **Better primary healthcare**: With the anxiety, shame and worry of the co-payment removed, patients can be fully engaged in consulting their pharmacist, building trust in the patient-health professional relationship. The Hutt Valley study reported "Community pharmacies found that removing the financial obstacle [of co-payment] enabled engagement with patients about clinical care"[vi]

- **Reduction of burden on healthcare system**: The multiple variables involved means quantifying the reduction of hospital bed days is difficult, but it is highly likely to be significant – a decrease of tens of thousands of hospital bed days a year.

- **Enhanced health equity:** appropriate implementation such as targeted promotion will enable disadvantaged groups and those who most need better primary healthcare to benefit most from the prescription fee removal, rapidly increasing health equity.

Removing the co-payment would likely lead to better performance in the following indicators for community health and wellbeing:

1. Adults self-reporting good or better self-rated health (NZ Health Survey)
2. Adults self-reporting high or very high levels of psychological distress (NZ Health Survey)
3. Hospital admissions for mental distress including, but not limited to, self-harm[v]
4. Hospital admissions for people aged 45–64 for an illness that might have been prevented or better managed in the community (Health System indicator for "Improving Wellbeing Through Prevention" priority)
5. Acute hospital bed day rates: Number of days spent in hospital for unplanned care including emergencies (Key acute care performance indicators)
6. Emergency department wait times (Key acute care performance indicators)

In conclusion, the government-imposed prescription "co-payment" fee is unnecessarily and seriously damaging people's health; increasing health inequities and distress; and creating a preventable burden for the over-stretched health system.

Removing the prescription fee would have strong positive effects on health and wellbeing that would be immediately noticeable within our communities, and would rapidly reduce the demands on our health system. It's a "win-win".

Independent Community Pharmacy Group

ICPG, est. 2021, is an Incorporated Society representing 115 independent pharmacy owners across Aotearoa New Zealand. Our purpose is to promote, protect and improve owner-operated community pharmacies in New Zealand.

References

[i] NZ Government (last update Oct 2022) Prescription Subsidy Scheme.

[ii] Ministry of Health (Nov 2022) Annual Update of Key Results 2021/22: New Zealand Health Survey; and Key Indicators. Statistics NZ (Aug 2021) National population estimates: At 30 June 2021

[iii] Norris, P., Tordoff, J., McIntosh, B., Laxman, K., Chang, S. Y., & Te Karu, L. (2016). Impact of prescription charges on people living in poverty: a qualitative study. *Research in Social and Administrative Pharmacy*, *12*(6), 893-902.

[iv] Kim, S., Thibodeau, R., & Jorgensen, R. S. (2011). Shame, guilt, and depressive symptoms: a meta-analytic review. *Psychological bulletin*, *137*(1), 68.

[v] Norris, P., Cousins, K., Horsburgh, S., Keown, S., Churchward, M., Samaranayaka, A., ... & Marra, C. (2023). Impact of removing prescription co-payments on the use of costly health services: a pragmatic randomised controlled trial. *BMC Health Services Research*, *23*(1), 1-11.

[vi] Jay, C., Fraser K., Russell J. (2016) Improving Financial Access to Community Medicines for Patients in the Hutt Valley: A collaborative approach between Health and Social Care Hutt Valley DHB & MSD

[vii] Carswell, S., Donovan, E. & Pimm, F (2018) Equitable access to medicines via primary healthcare – a review of the literature. PHARMAC.

[viii] Aziz, Y. H. A., Heydon, S. J., Duffull, S. B., & Marra, C. A. (2021). What free services do pharmacists offer? Investigating the provision of unfunded pharmacy services in community pharmacies. *Research in Social and Administrative Pharmacy*, *17*(3), 588-594.

[ix] MoH (Oct 2019) Abolition of Pharmacy (Prescription) Co-Payments. P1. (Document 6 p26/28 of MoH OIA 3 June 2022 release)

[x] MoH (Dec 2019) Options for the Prescription Co-Payment. p3 (Document 5, p23/28 of MoH OIA 3 June 2022 release)

[xi] MoH (Nov 2019). Memorandum: Alternative Options in Primary Care – Prescription co-payment subsidy Document 4, p3 (p19/28 of MoH OIA 3 June 2022 release)

[xii] Correspondence with Prof Pauline Norris, 20 March 2023

APPENDIX: Fees-Free Prescriptions Options comparison

Options

1. **Universal removal (recommended):** removing the patient co-payment for prescriptions for all. This is the most effective policy as it ensures everyone can benefit, including those seriously marginalised and without administrative support to 'sign-up' to any exemptions. Without a universal policy, some people in need will "fall through the cracks" of any targeted scheme.
2. **Targeted waiver:** Fees-free prescriptions for **all** the following targeted populations:
   i. Community Services Card holders (as a proxy for low income – however, CSC cards will only cover a fraction of people who need income assistance; three out of every ten 2023 Otago study participants (29%) did not have a CSC card.[xii]); and
   ii. People in geographical areas of high deprivation (to mitigate against relatively low CSC uptake and access problems of geographical isolation); and
   iii. People aged 14-24 (all dependent children & to assist youth mental health); and

iv. Disabled people (7 times more likely than others not to fill prescriptions due to cost)[ii]

Option Comparison

	Universal	**Targeted**
Policy Effectiveness (Aim: enhancing community health)	The universal removal of the fees barrier to basic primary healthcare will be the most effective way to reach the aim, as there are no 'cracks' for people to fall through.	Targeting needs to be broad in order to capture a high majority of the effectiveness of universal removal. However, the broader the targeting, the more complex it is to implement, and people fall through the gaps.
Equity	A universal waiver is the only way to ensure all equity group members are covered by the policy. Policy promotion aimed at equity groups would assist equitable knowledge and take-up	Any requirement to 'prove' eligibility for a waiver would remain a considerable barrier (eg not everybody eligible for a CSC card has one); therefore a targeted policy could not capture all members of equity groups. However, a targeted policy would ensure equity groups do not benefit less than non-equity groups from the waiver.
Immediacy/ Simplicity	Can be immediately implemented, as seen in flood-affected areas in February and March 2023, with immediate results and burden-relief for the overstretched health system	Estimated by MoH in 2019 to take 6 months to implement for CSC cardholders only – could be longer if multiple groups are included. Complications can lead to confusion and poor ongoing implementation. "It is more complex to implement at a systems level and requires substantive changes to Ministry payment systems and pharmacy vendor systems"[x]
Cost	Gross: ~$148M (2019, MoH figure)[x] Potential net reduction in cost to government due to reduced burden on health system such as hospital bed days[v]	Unknown (overlapping groups). Highly probable net reduction in cost to government due to reduced burden on health system such as hospital bed days[v]

The Independent Community Pharmacy Group recommends Option 1 Universal Waiver, as the only way to guarantee vital prescribed medicines reach all who need them, accompanied by promotion to equity groups to ensure as equitable take-up of the policy change as possible.