

NOTICE FROM EXECUTIVE OFFICER

December 19, 2008

Health Network System (HNS) Enhancements to Support the Conditions for Payment of Dispensing Fees under the Ontario Drug Benefit (ODB) Program

On July 28, 2008, the ministry posted notices on its website and the Bulletin Board System (BBS) regarding the new conditions for payment of dispensing fees under the ODB program ('Dispensing Fee Conditions'), as set out under section 18 of O.Reg 201/96 made under the *Ontario Drug Benefit Act* (the 'ODBA Regulation'). The Dispensing Fee Conditions came into effect on August 01, 2008.

On December 1, 2008, the ministry posted notices announcing enhancements to the Health Network System (HNS) to support adjudication of the new dispensing fee conditions. The HNS changes were implemented **effective December 1, 2008**.

The HNS changes were implemented to facilitate accurate adjudication of claims and to reduce the requirement to manually adjust the fee on some claims. The enhancements are not intended to replace pharmacist judgement in submitting accurate claims.

Additional Clarification on HNS Enhancements

Q1. How does the HNS determine which claims for 'non-exempt' drugs are subject to the dispensing fee conditions?

A1. After the recent enhancements, the HNS tracks claims based on the number of times any product within an interchangeable grouping is dispensed within a calendar month. The first two claims for a product in an interchangeable grouping for the same patient are paid a fee. For a third or any subsequent claims for a product within the same interchangeable grouping for the same patient within one calendar month, no fee will be paid, but drug cost and mark-up will be reimbursed.

The payment of the fee for the first two claims for a product dispensed in the month is the same process that was described in the previous notices posted July 28, 2008 and December 1, 2008.

Q2. Why does the HNS pay for the first two claims of a drug for a patient in the calendar month?

A2. The system is not able to track the dispensing fees paid so the assessment is based on a fee being paid on the first two claims in the month. Since it is not possible to predict or know how many claims will be submitted in a month, the fee is paid on the first 2 claims. In that way, if a medication is discontinued part way through week 2, the pharmacy has still received the allowable 2 fees per month.

In this hypothetical example for Patient AB receiving Drug X, the table below summarizes how the fee is adjudicated by the HNS for weekly claims.

| Claim Number | Day of Calendar Month | Amounts Submitted by Pharmacy | ODB Reimburses |
|--------------|-----------------------|-------------------------------|---|
| 1 | Day 1 | Cost + Mark-up + fee | Cost + Mark-up + fee |
| 2 | Day 8 | Cost + Mark-up + fee | Cost + Mark-up + fee |
| 3 | Day 15 | Cost + Mark-up ± fee | Cost + Mark-up (no fee as this is the third claim) |
| 4 | Day 22 | Cost + Mark-up ± fee | Cost + Mark-up |
| 5 | Day 29 | Cost + Mark-up ± fee | Cost + Mark-up |

However, if the fee is manually adjusted for a claims submission, as in the second claim in the table below, only the first two claims are eligible for reimbursement of a fee. If the fee is manually removed, it cannot be claimed on the third or any subsequent claim within the same calendar month for Patient AB for Drug X.

| Claim Number | Day of Calendar Month | Amounts Submitted by Pharmacy | ODB Reimburses |
|--------------|-----------------------|-------------------------------|---|
| 1 | Day 1 | Cost + Mark-up + fee | Cost + Mark-up + fee |
| 2 | Day 8 | Cost + Mark-up + \$0 | Cost + Mark-up + \$0 |
| 3 | Day 15 | Cost + Mark-up ± fee | Cost + Mark-up (no fee as this is the third claim) |
| 4 | Day 22 | Cost + Mark-up ± fee | Cost + Mark-up |
| 5 | Day 29 | Cost + Mark-up ± fee | Cost + Mark-up |

The above examples also apply to **daily** dispensing of non-exempted medications, although the Day of Calendar Month of the claim submissions will differ. For a third or any subsequent claim in a calendar month, no fee would be reimbursed.

Q3. How does the HNS track claims for 'non-exempt' drugs for patients who visit more than one pharmacy?

A3. The first two claims for any product within an interchangeable grouping for the same patient are paid a fee regardless of the pharmacy location. For a third or any subsequent claims for any product within an interchangeable grouping for the same patient within one calendar month, no fee will be paid, but drug cost and mark-up will be reimbursed. In this example, Patient JJ receives weekly prescriptions from both Pharmacy A and Pharmacy B for Drug X.

| Claim Number | Day of Calendar Month | Pharmacy | Amounts Submitted by Pharmacy | ODB Reimburses |
|--------------|-----------------------|----------|-------------------------------|---|
| 1 | Day 1 | A | Cost + Mark-up + fee | Cost + Mark-up + fee |
| 2 | Day 8 | A or B | Cost + Mark-up + \$0 | Cost + Mark-up + \$0 |
| 3 | Day 15 | A or B | Cost + Mark-up ± fee | Cost + Mark-up (no fee as this is the third claim) |
| 4 | Day 22 | A or B | Cost + Mark-up ± fee | Cost + Mark-up |
| 5 | Day 29 | A or B | Cost + Mark-up ± fee | Cost + Mark-up |

Q4. Now that the HNS changes have been implemented, is an intervention code required when submitting a third or subsequent claim for the same 'non-exempted' drug in the same calendar month?

A4. Any third or subsequent claim for a non-exempted drug does not require any additional intervention codes in order to adjudicate properly. Unless the medication or the recipient is exempted from the Dispensing Fee Conditions, no fee will be paid.

NOTE: Some products are only exempted from the Dispensing Fee Conditions in certain circumstances. For example, anticoagulants are only exempted during periods of dosage adjustment. For these products, since the HNS cannot track whether the usage falls within the exempted criteria or not, pharmacists are required to submit fees only when eligible for payment.

Q5: I am dispensing medications in a compliance package which has some medications which are on the Exempted Medications List and some medications which are not. Can I submit weekly claims for all medications in the package?

A5: Drug products or categories of drug products that have been designated by the Executive Officer on the Exempted Medications List and posted on the Ministry website are exempted from the Dispensing Fee Conditions. Drug products or categories of drug products *not* listed on the Exempted Medications List are subject to the Dispensing Fee Conditions (i.e. dispensers may receive payment for a maximum of two (2) dispensing fees per medication per patient in any calendar month). In other words, a dispenser may submit weekly claims for any medication, but is only eligible to receive payment of two dispensing fees per month in respect of those products that are not on the Exempted Medications List. Medications dispensed to residents of LTC homes or HSC homes are also exempted from the Dispensing Fee Conditions.

Q6. Is the Exempted Medications List based on the therapeutic classification of the medication or based on the indication for use?

A6. The exempted medications are based on the therapeutic classification of the medication, as outlined in the ODB Formulary. The Formulary is available in printed format and is also available online in a searchable format, on the ministry website at:

http://www.health.gov.on.ca/english/providers/program/drugs/odbf/odbf_conditions_for_payment.html

Q7. Do the Dispensing Fee Conditions allow 2 dispensing fees per month? Or 2 dispensing fees every 28 days? What happens if I dispense a 2-week supply three times in one month?

A7. For the majority of ODB-eligible medications dispensed to ODB-eligible recipients, pharmacists will be reimbursed a maximum of 2 dispensing fees per medication per recipient in any calendar month. Some exceptions are allowed, where reduced quantity dispensing is warranted for patient care and safety.

If a pharmacist dispenses a 2-week supply three times in one month, only 2 dispensing fees are payable, unless the medication or the patient is exempted from the Dispensing Fee Conditions. For the third claim, the pharmacist is only entitled to be reimbursed the drug cost plus the markup. The fee is paid on the first 2 claims submitted in a calendar month.

Q8. How will residents of HSC residences be identified when claims are submitted on the HNS?

A8. The HSC list has been updated with an ODP number for each HSC residence,. The list can be accessed on the ministry website at:

http://www.health.gov.on.ca/english/providers/program/drugs/odbf/exempted_hsc_homes.pdf

The ODP number is required for the claim to be exempted from the conditions for payment of dispensing fees.

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