

Notice: Proposal to Improve the Value of Pharmacy Payments

October 28, 2019

As part of Ontario Budget 2019, the government announced that it would be enhancing the quality and efficiency of Ontario's public health care system. This commitment was made to ensure that Ontario's publicly funded health care system is sustainable and available to those who need it the most. Improving the value of pharmacy reimbursement is critical to achieving this.

Following Budget 2019, the ministry proposed four reforms to pharmacy reimbursement, three of which required regulatory changes, and were posted for public feedback. See the April 25, 2019, Executive Officer Notice at the link below for more information on the original proposals, including links to the regulatory registry postings:

http://www.health.gov.on.ca/en/pro/programs/drugs/opdp_eo/notices/exec_office_20190426.pdf

Following public consultations and collaborative engagement with the Ontario Pharmacists Association and Neighbourhood Pharmacy Association of Canada, the ministry is proposing, subject to the introduction and passage of required legislative changes to the *Ontario Drug Benefit Act*, to replace the tiered mark-up and MedsCheck Budget proposals with a time-limited (until March 31, 2023) reconciliation adjustment process.

The ministry is also proposing to modify the proposal to change the reimbursement model for professional pharmacy services delivered by pharmacies for residents of Long-Term Care Homes (LTCHs) from a fee-for-service model to a per-bed-fee capitation model.

Reconciliation Adjustment

The reconciliation would entail an adjustment (reduction) made to biweekly payments to pharmacies to achieve some of the savings from the previous tiered mark-up and MedsCheck proposals.

Table 1: Reconciliation Adjustment Savings Targets

Fiscal Year	2019/20	2020/21	2021/22	2022/23
Annual Target	\$13.1M	\$54.1M	\$55.6M	\$57.3M
Cumulative Target	\$13.1M	\$67.2M	\$122.8M	\$180.1M

The ministry would deduct a percentage from the sum of the dispensing fee and mark-up for all drug claims. The reconciliation adjustment would be two-tiered, with adjustments based on the cost of the drug.

- Up to 16% for drug costs equal to or over \$1,000; and
- Up to 4% for drug cost under \$1,000.

The reconciliation adjustment would also apply to non-drug therapeutic substances listed on the Ontario Drug Benefit Formulary (e.g., nutritional products, glucose test strips, valved holding chambers).

The reconciliation percentages listed above are **maximums that would be allowed under the regulations**. Before each fiscal year, the ministry would forecast what percentages would be needed the upcoming fiscal year to achieve the cumulative target for that fiscal year. The cumulative savings target for a fiscal year would be equal to the annual savings target, unless the annual savings target the previous fiscal year had not been achieved; these amounts would be rolled over to the following year, up until the March 31, 2023 end date. The percentages would be communicated to the pharmacy sector through Executive Officer Notices.

The intent of the time-limited reconciliation proposal, if approved, would be to provide an interim solution while the ministry continues engaging with the OPA

and NPAC to consider longer-term solutions which provide a sustainable public drug program and improve patient outcomes.

The reconciliation proposal would not apply to listed drug product or listed substance claims submitted in respect of long-term care home residents, as those claims are subject to a different proposal (see below).

Regulatory Registry Posting

A summary and draft of the proposed amendments to the regulation for the reconciliation adjustment are available on the Regulatory Registry website at:

<https://www.ontariocanada.com/registry/view.do?postingId=30908&language=en>

The proposed amendments to Ontario Regulation 201/96 are conditional on the introduction and passage of legislative amendments to the *Ontario Drug Benefit Act*.

The final content of any regulatory amendments described in this notice are at the discretion of the Lieutenant Governor in Council (“LGIC”) who may make the regulations with any changes that the LGIC considers appropriate.

The government is committed to embedding a focus on efficiencies into future multi-year planning processes and into the culture of the Ontario Public Service more broadly. To that end, the government will undertake program evaluations on a permanent and ongoing basis to ensure government services are meeting people’s needs and to identify ways to modernize programs and save money.

Interested parties are invited to provide written comments on the proposed changes to the regulations as part of the review. The ministry will consider comments received on or before **November 30, 2019 at midnight EST**. Please be advised that submissions received after this date may not be considered.

Please submit your written comments to:

Drugs and Devices Division
Ministry of Health
5700 Yonge Street, 3rd Floor
Toronto ON
M2M 4K5
Fax: 416-325-6647
E-mail: PublicDrugPrgrms.moh@ontario.ca

Statement about Comments

Unless requested and otherwise agreed to by the ministry, all materials or comments received from organizations in response to the notice will be considered public information and may be used and disclosed by the ministry as part of its review. The ministry may disclose materials or comments, or summaries of them, to other interested parties during and after the comment period.

An individual who makes a submission and who indicates an affiliation with an organization in his or her submission will be considered to have made his or her submission on behalf of the affiliated organization. The ministry will not disclose any personal information contained in a submission of an individual who does not specify an organizational affiliation in his or her submission without the individual's consent unless required by law. However, the ministry may use and disclose the content of the individual's submission to assist the ministry in its review.

If you have any questions about the collection of this information, you can contact the ministry's Freedom of Information and Privacy Coordinator at (416) 327-7040.

Pharmacy Services in Long-Term Care Homes

The ministry is proposing to change the reimbursement model for pharmacies that provide pharmacy services, including prescription dispensing and MedsCheck / Pharmaceutical Opinion programs, to residents of Long-Term Care Homes from a fee-for-service model to a per-bed-fee capitation model.

The ministry is proposing a revised fee schedule, as shown below:

- 2019/20 - \$1,500
- 2020/21 - \$1,500
- 2021/22 - \$1,400
- 2022/23 - \$1,300
- 2023/24 - \$1,200

The revised proposal also includes the reduction of costs for residents of long-term care homes through the elimination of the per prescription co-payment for residents, for eligible Ontario Drug Benefit claims.

Subject to government approvals, further communications would be provided to inform partners if/when change would be implemented.