

Notice: Policy for Pharmacy Payments under the Long-Term Care Home Capitation Funding Model, 2020

Effective January 1, 2020

Overview

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.

After Budget 2019, the Ministry of Health announced four proposed pharmacy reimbursement changes, including a proposal to change the way pharmacies are paid for providing professional services to long-term care (LTC) home residents. Following public consultations and collaborative engagement with the Ontario Pharmacists Association and Neighbourhood Pharmacy Association of Canada, the ministry is announcing that **beginning January 1, 2020, it will be implementing a fee-per-bed capitation model for LTC home pharmacies.**

The ministry is changing the payment model for professional pharmacy services for LTC homes from a fee-for-service model to a fee-per-bed capitation model. These changes are an important step in establishing a sustainable pharmacy payment model.

Preamble

As a precondition to obtaining billing privileges under the *Ontario Drug Benefit Act (ODBA)*, all pharmacy operators are required to enter into a Health Network System (HNS) Subscription Agreement with the Executive Officer. Under section 3.2 of the HNS Subscription Agreement, pharmacy operators are required to comply with all Applicable Law, Ontario College of Pharmacists Rules, and Ministry Policies.

The Executive Officer of the Ontario Public Drug Programs of the Ministry of Health (the "Ministry") hereby establishes this Policy regarding payments made to pharmacies for supplying listed drug products or listed substances and providing professional services to residents of long-term care (LTC) homes.

This Policy governs payments made to LTC home primary pharmacy service providers under a capitation funding model, as well as payments made to secondary pharmacy service providers under a fee-for-service funding model.

- A primary pharmacy service provider is defined as the pharmacy that is under contract with a LTC home to provide pharmacy services to residents of the LTC home.
- A secondary pharmacy service provider is defined as a community pharmacy that may dispense a prescription for a LTC home resident through an arrangement with the primary pharmacy service provider (as defined above) for emergency prescriptions. On rare occasions, it could be a pharmacy that the resident attends for emergency purposes, for example, while on a visit with family outside the LTC home.

This Policy also clarifies that no co-payment may be charged to a resident of a LTC home for dispensing a listed drug product or listed substance.

How the LTC capitation funding model works

Effective January 1, 2020, the ministry will replace the existing fee-for service model for paying primary pharmacy service providers that provide medication dispensing and professional pharmacy services for residents of LTC homes with a fee-per-bed capitation model.

- The primary pharmacy service provider will be paid an annual fee-per-bed (on a monthly schedule) for all medication dispensing and professional pharmacy services based on the number of licensed LTC home beds serviced:
 - \$1,500 in 2019/20 (i.e., \$125 per month; total \$375 for the remainder of 2019/20)
 - \$1,500 in 2020/21 (\$125/month)
 - \$1,400 in 2021/22 (\$116.67/month)
 - \$1,300 in 2022/23 (\$108.33/month)
 - \$1,200 in 2023/24 (\$100/month)
- The \$2 copayment will be eliminated for all LTC home residents for eligible Ontario Drug Benefit (ODB) claims submitted through the Health Network System (HNS).
- The fee-per-bed reimburses pharmacies for all pharmacy services provided for LTC home residents including medication dispensing services for eligible ODB products and all professional pharmacy services.

- To receive the fee-per-bed, pharmacists are expected to continue to provide medication management services, including medication reviews (such as MedsCheck LTC annual and quarterly medication reviews), medication assessments (e.g. as with the Pharmaceutical Opinion Program (POP)), and smoking cessation counselling (e.g. as with the Smoking Cessation Program), as appropriate.
 - Claims for providing POP and Smoking Cessation services to LTC home residents should not be submitted through the HNS for reimbursement; overpayments due to inappropriate claim submissions are subject to recovery.
 - MedsCheck LTC annual and quarterly medication review PINs will be discontinued in the HNS effective January 1, 2020.

How pharmacies receive the capitation payment

- Primary pharmacy service providers must notify the ministry of the name(s) of the long-term care home(s) (including the LTC Agency IDs) with whom they have entered pharmacy services contracts in order to receive the monthly capitation payment.
- In December 2019, and periodically thereafter, the ministry will confirm via an attestation process with primary pharmacy service providers the list of the LTC homes with whom they have entered into pharmacy service contracts. See Appendix A, “Attestation Form to Receive Capitation Payments as a Primary Pharmacy Service Provider”. The ministry will provide an initial list of LTC homes to pharmacies in December 2019 based on ODB claims data from November 2019.
- Thereafter, if the contract between a LTC home and the pharmacy service provider ends, the previous and new pharmacy service provider that ends or enters into a contract with the LTC home must notify the ministry in writing by the 15th of the previous month before the effective date of the change to ensure payments are processed in a timely manner (i.e., only attestation / notice of change forms that are received by the 15th will be processed for the following month’s capitation payment). The capitation payment will be pro-rated based on the effective date of the change in pharmacy service provider once the ministry has been notified. Note that this may not be reflected in the monthly capitation payment until the following month.
- Pharmacies that have entered into new pharmacy service contracts with LTC homes but did not receive an Attestation Form in December 2019 must complete an “Attestation / Notice of Change in LTC Home Primary Pharmacy Service Provider Form”; see Appendix B.
- Attestation / Notice of Change in LTC Home Primary Pharmacy Service Provider Form must be emailed to ODBLTCcap@ontario.ca. The ministry requires the following information:

- Pharmacy name
 - Pharmacy address
 - Pharmacy ID #
 - Pharmacy fax
 - Pharmacy ONEMail address
 - Effective date of the contract change
 - Name of the LTC home
 - Address of the LTC home
 - LTC Agency ID #
 - Attestation that the above information is accurate
- The monthly capitation payment will be based on the number of licensed LTC home beds on the last day of the previous month. For example, for the January 2020 payment, the number of licensed beds at the LTC home as of December 31, 2019 will be used to determine payment.
 - The primary pharmacy service provider on file at the ministry on the last day of the previous month will receive the capitation payment for that LTC home at the end of the current month.
 - The monthly capitation payment will be based on the following formula:

(# of licensed LTC home beds on the last day of the previous month) X (annual bed fee / 12 months) = \$ amount paid to the pharmacy service provider for the LTC home for the current month; paid on the date of the second bi-weekly HNS payment for the current month.

For example, in January 2020 for a LTC home with 100 beds:

$100 \times (\$1500 / 12) = \$12,500$ for Jan 2020; payment on January 31, 2020.
 - The monthly LTC capitation payment* will be included on the regular HNS payment date at the end of the month and will appear under the heading “Agency Level Adjustments” on the pharmacy’s ODB Summary Remittance Advice (RA) report:

Adjustment Type: “14 – Long Term Care Capitation Payment”

*Note: if the payment is greater than \$99,999 per month, then the amount will be split into two or more adjustments on the RA report
 - The payment dates for the remainder of the 2019/20 fiscal year are as follows:
 - January 31, 2020
 - February 28, 2020
 - March 31, 2020

- April 30, 2020
- Future capitation payment dates will follow the 2020/21 HNS payment schedule. The monthly capitation payment will be reflected on the second HNS payment date of the month (i.e., the end of the month).

Recovery of capitation payments

- The ministry's payment of capitation fees to primary pharmacy service providers is based on ODB claims data, an attestation from the primary pharmacy service provider, and notices of change to the attestation submitted by a primary pharmacy service provider. These data sources identify a pharmacy as a primary pharmacy service provider and the LTC home(s) for whom a pharmacy is the primary pharmacy service provider.
- Errors in any of the above data sources may result in a pharmacy operator receiving a capitation payment for which they are not entitled – i.e., a capitation payment in respect of a LTC home for which the pharmacy is not contracted as the primary pharmacy service provider. The ministry will recover such capitation payments so that they can be paid to the actual contracted primary pharmacy service provider for the LTC home.
- In accordance with section 8.1 of the Health Network System Subscription Agreement for Pharmacy Operators, the following additional conditions are imposed on all pharmacy operators that submit claims in respect of long-term care home residents, effective January 1, 2020.

A9.0 RECOVERY OF OVERPAYMENTS

A9.1 Where the Executive Officer has reasonable grounds to believe that the Executive Officer has paid an amount to the Operator that is based on the number of beds in a Long-Term Care Home for which the Operator is not the Primary Pharmacy Service Provider for the relevant time period used to calculate the payment, that amount will be deemed to be a debt due and owing by the Operator to Her Majesty the Queen in right of Ontario.

A9.2 The Executive Officer may obtain or recover a debt that arises under section A9.1 by way of set off against any amount payable to the Operator under the ODBA.

A9.3 Prior to initiating any recovery under section A9.2, the Executive Officer will provide the Operator with not less than twenty (20) Days written notice together with reasons for the recovery.

A9.4. In section A9.1, the following terms have the following meanings:

“Long-Term Care Home” means a long-term care home within the meaning of the *Long-Term Care Homes Act, 2007*; and

“Primary Pharmacy Service Provider” means the operator of a pharmacy that has been retained by the licensee of a Long-Term Care Home in accordance with section 119 of Ontario Regulation 79/10 (General) made under the *Long-Term Care Homes Act, 2007*.

Claims submission

- A valid LTC agency ID number (ODP number) must be included as part of the claim submission for LTC home residents. Failure to do so could result in a rejection by HNS with response code “31”- **Group Number Error**
- All pharmacies submitting claims for LTC home residents will continue to be reimbursed for the ODB allowable drug cost, applicable mark-up and compounding fee (if applicable). The dispensing fee will be zero.
- Secondary pharmacy service providers that provide additional and/or emergency prescription claims to residents of LTC homes that they do not have a contract with will continue to receive a dispensing fee (\$5.57 for most retail locations and a range from \$6.67 to \$9.99 for rural pharmacies) by submitting a second HNS claim using the PIN that is assigned to the dispensing fee applicable to the pharmacy. The patient copay is zero. (see Table 1)
- Primary and secondary pharmacy service providers must submit ODB-eligible claims through the HNS as per the normal process for claim submissions. No dispensing fee will be paid.
- Secondary pharmacy service providers must submit a second claim for each ODB-eligible drug product claimed/dispensed in order to be paid the dispensing fee. The second claim must be submitted the same day as the initial claim submission. For each claim, secondary pharmacies must submit 2 claims as follows:
 1. for the drug cost and mark-up, and compounding fee if applicable, as per the normal process for a resident of a LTC home
 2. for the dispensing fee portion using the assigned PIN (see Table 1 below)

- Secondary pharmacy service providers must ensure that when submitting a claim using the secondary pharmacy PIN that documentation is cross-referenced with the drug claim to which it relates.

Table 1: Claim Requirements for the LTC Home Secondary Pharmacy Service Provider PINs

Claims for payment using the Secondary Pharmacy Service Provider PINs may only be submitted for residents of LTC homes by the secondary pharmacy providing emergency prescriptions.

Aside from including the fields indicated in *Section 5.1* of the Ontario Drug Programs Reference Manual, there are additional fields required when submitting a dispensing fee claim for residents of LTC homes, namely:

Fields	Required (Y/N)	Explanation
Intervention Code	Y	“PS” = Professional Care Service
PIN	Y	Enter the appropriate LTC home Secondary Pharmacy Service Provider Dispensing Fee PIN: 09857623 = for most pharmacies and hospital outpatient dispensaries 09857624 = when there is only one pharmacy within 5kms or when the nearest pharmacy is within 5-10kms* 09857625 = when the nearest pharmacy is within 10-25kms* 09857626 = when there are no other pharmacies within 25kms*
Pharmacist's ID code	Y	Pharmacist License #
LTC Secondary Pharmacy Dispensing Fee	Y	\$5.57 (for most pharmacies and hospital outpatient dispensaries) \$6.67 (when there is only one pharmacy within 5kms or when the nearest pharmacy is within 5-10kms*)

Fields	Required (Y/N)	Explanation
		<p>\$8.88 (when the nearest pharmacy is within 10-25kms*)</p> <p>\$9.99 (when there are no other pharmacies within 25kms*)</p>

* Pharmacy is located in a postal code with the second figure of 0 or with a score on the Ministry of Health and Long-Term Care’s Rurality Index for Ontario of more than 40

The claim submission follows the normal process for submitting claims on the Health Network System with the following additional information:

- Intervention code ‘PS’: (Professional Care Services)
- PIN: as per the pharmacy’s assigned dispensing fee based on rural indexing for residents of LTC homes (see Table 1)
- Valid Pharmacist ID

Note: The submission of 2 claims for each eligible drug product dispensed is a temporary process while enhancements to the HNS are completed.

No copay is to be collected from the LTC home resident. The co-pay portion of the dispensing fee has been removed.

If more than one claim using the LTC home Secondary Pharmacy Service Provider Dispensing Fee PIN is submitted for payment on the same day for the same patient, the HNS will reject the second claim with response code “**A3**” - **Identical claim processed** which can be overridden with the intervention code “**UF**” - **patient gave adequate explanation, Rx filled as written**. Subsequent claims using the same PIN for the same patient on the same day at the same pharmacy can be overridden using the same intervention code as long as there is a corresponding claim for an ODB eligible product (e.g., a LTC home resident requires 3 emergency prescriptions from the secondary pharmacy service provider and 3 secondary claims for the dispensing fee using the appropriate PIN above is submitted).

Restrictions and Exemptions

- Pharmacies will no longer submit claims through the HNS for MedsCheck LTC (both annual and quarterly medication reviews). The PINs will be discontinued. Primary pharmacy service providers are expected to continue to provide professional pharmacy

services including medication reviews/reconciliation and assessments to residents of the LTC homes as part of their capitation payment and in accordance with their contracts with LTC homes.

- Claims for LTC home residents submitted by secondary pharmacy service providers will be exempt from the dispensing fee rules 2 fees/28 days and 5 fees/365 days. In other words, a dispensing fee for each ODB-eligible prescription dispensed will be paid if the applicable dispensing fee PIN is submitted by the secondary pharmacy service provider in accordance with this Policy.
- Claims for LTC home residents, including those submitted by secondary pharmacy service providers, will also be exempt from the Reconciliation Adjustment process to be implemented on January 1, 2020 that impacts all other ODB claims submitted for reimbursement.
- All other HNS rules and Ministry Policies remain the same.

Additional Information:**For pharmacies:**

Please call ODB Pharmacy Help Desk at: 1-800-668-6641

For all other Health Care Providers and the Public:

Please call ServiceOntario, Infoline at 1-866-532-3161 TTY 1-800-387-5559. In Toronto, TTY 416-327-4282

Appendix A

Ministry of Health

Drugs and Devices Division

**Office of the Executive Officer
and Assistant Deputy Minister**

438 University Avenue, 10th floor
Toronto ON M5G 2K8

Toronto ON M5G 2K8

Ministère de la Santé

**Division des médicaments et
appareils fonctionnels**

**Bureau de l'administratrice en chef
et sous-ministre adjointe**

438 avenue University, 10e étage
Toronto ON M5G 2K8



Attestation Form to Receive Capitation Payments as a Primary Pharmacy Service Provider

<Date>

<Pharmacy ID #>

<Pharmacy Name>

<Pharmacy Address>

<Pharmacy Fax>

<Pharmacy ONEMail>

Based on the Ministry of Health's Ontario Drug Benefit claims data, the ministry has determined that <insert pharmacy name> is the primary pharmacy service provider for the long-term care home(s) listed on the attached confidential payment summary.

To attest to the accuracy of the information in this form, the pharmacy owner or designated pharmacy manager must complete the box below, including signature and date.

Pharmacy Designated Manager or Owner (please print)	
Signature	Date

Appendix B

Ministry of Health

Ministère de la Santé

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**Division des médicaments et
appareils fonctionnels**

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438 University Avenue, 10th floor
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Attestation Notice of Change in LTC Home Primary Pharmacy Service Provider Form

This form is to be completed and sent to the Drugs and Devices Division if there are any changes to your Attestation to Receive Capitation Payments as a Primary Pharmacy Service Provider Form at any time during the calendar year (“Attestation”) OR if you are a new primary pharmacy service provider for a long-term care (LTC) home and previously did not receive an Attestation.

For example, you must complete this form if:

- Your pharmacy is entering or has entered into a new contract with a long-term care (LTC) home that was not originally identified in the Attestation (“New LTC Home Client(s)”); or
- Your pharmacy is ending, or has ended, its contract with a LTC home that was originally identified in the Attestation (“Former LTC Home Client(s)”).

This form must be submitted to the ministry by the 15th of the previous month before the effective date of the change, in accordance with the Ministry’s Policy and your Health Network System Subscription Agreement. Failure to notify the ministry may result in a delay of payment and/or an incorrect payment.

Without completing this form, capitation payments for providing professional and dispensing pharmacy services under the capitation model may be delayed.

Primary Pharmacy Service Provider Information:

Pharmacy ID #	
Pharmacy Name	
Pharmacy Address	
Pharmacy Fax	
Pharmacy ONEMail Address	

To Add New LTC Home Client(s):

Long-Term Care Home Agency ID#	
Long-Term Care Home Name	
Long-Term Care Home Address	
Effective Start Date of the Contract	

To Remove Former LTC Home Client(s):

Long-Term Care Home Agency ID#	
Long-Term Care Home Name	
Long-Term Care Home Address	
Effective End Date of the Contract	

To attest that the information above is accurate, the pharmacy owner, or designated pharmacy manager, must complete the box below, including signature and date.

Pharmacy Designated Manager or Owner (please print)	
Signature	Date

Please send completed forms (all pages) to the Drugs and Devices Division by email at ODBLTCcap@ontario.ca.

Note: knowingly furnishing false or incomplete information to the Ministry in connection with the administration of the Ontario Drug Benefit Program is an offence under the *Ontario Drug Benefit Act*.