

Notice: Amendments to Ontario Regulation 201/96 made under the *Ontario Drug Benefit Act* to Improve the Value of Pharmacy Payments

Effective January 1, 2020

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.

After Budget 2019, the Ministry of Health announced four proposed pharmacy reimbursement changes. 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 time-limited reconciliation adjustment process** in lieu of the tiered mark-up and MedsCheck proposals announced with the Budget.

The intent of the time-limited reconciliation process is to provide a short-term solution while the ministry and pharmacy sector continue to consult to identify longer-term solutions to provide ongoing savings beyond the period of reconciliation to bring greater value and sustainability to pharmacy reimbursement and improve patient care.

The reconciliation adjustment will entail an adjustment (reduction) made to the biweekly payments to pharmacies. Amendments to the *Ontario Drug Benefit Act* and its regulation (Ontario Regulation 201/96) have been made to enable the Executive Officer of Ontario's Public Drug Programs to temporarily adjust the amount paid to pharmacies for supplying a listed drug product under the Ontario Drug Benefit (ODB) Program. The ministry will be targeting annual and cumulative savings as shown in the chart below.

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 will be deducting a percentage from the sum of the dispensing fee and mark-up for all drug claims for ODB-eligible persons, except long-term care home residents. The reconciliation adjustment will be two-tiered, with adjustments based on the cost of drug claims.

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

The reconciliation percentages listed above are **maximums allowed under the regulation**. Before the start of each fiscal year, the ministry will set and communicate the reconciliation percentages (at or below the maximums) for the upcoming fiscal year to achieve the cumulative target for that fiscal year. The cumulative savings target for a fiscal year will be equal to the annual savings target, unless the annual savings target from the previous fiscal year was not achieved; these amounts would be rolled over to the following year, up until the March 31, 2023 end date.

For the period of January 1, 2020, to March 31, 2020, the reconciliation percentages will be as follows:

- 15% for approved drug claims that have drug costs equal to or over \$1,000; and
- 4% for approved drug claims that have drug costs under \$1,000.

The percentages for subsequent fiscal years will be communicated once available, as per the process stated above.

If the annual cumulative savings target is reached before the end of the fiscal year, the ministry will cease adjustments until the beginning of the following fiscal year. Adjustments will resume again the following fiscal year.

The reconciliation adjustment will also apply to non-drug therapeutic substances listed on the Ontario Drug Benefit Formulary (e.g., nutritional products, blood glucose test strips and valved holding chambers). The amount deducted will be a percentage of the dispensing fee paid for the listed substance.

The reconciliation adjustment will not apply to:

- Compounding fees and professional fees
- Payments made to long-term care home pharmacy service providers

The temporary reconciliation adjustment will be effective as of January 1, 2020 and will end on March 31, 2023. The regulatory amendments will be removed from Ontario Regulation 201/96 on April 1, 2023.

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