

Frequently Asked Questions:

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

Effective January 1, 2020

1. What is the reconciliation adjustment and when is it being introduced?

Policy changes and amendments to the *Ontario Drug Benefit Act* and its regulation (Ontario Regulation 201/96) allow the Executive Officer to reduce the amount paid to pharmacies for listed drug product and listed substance claims submitted to the Ontario Drug Benefit (ODB) program beginning January 1, 2020 and ending March 31, 2023. The reduction is calculated as a percentage of the sum of the dispensing fee and mark-up claimed by a pharmacy for all ODB-funded drug products and non-drug therapeutic substances listed on ODB Formulary. The percentage is 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 percentages are maximum percentages; the percentage each fiscal year will be determined based on up to date Ministry of Health forecasting and will be communicated to the pharmacy sector in advance.

By ministry policy, the reconciliation adjustment will also apply to claims for non-drug therapeutic substances listed on the Formulary (i.e. blood glucose test strips, nutrition products, valved holding chambers) submitted to the ODB program from January 1, 2020 to March 31, 2023.

2. To what products will the reconciliation adjustment be applied?

The temporary adjustment will be applied to all drug products funded through the Ontario Drug Benefit (ODB) program for ODB-eligible persons, except for long-term care home residents. The amount deducted will be a percentage, based on approved drug claim cost, of the sum of the dispensing fee and mark-up for an ODB-funded drug product.

The adjustment will also apply to non-drug therapeutic substances listed on the Formulary/Comparative Drug Index (e.g., nutritional products, blood glucose test strips and valved holding chambers).

The adjustment will not be applied to professional services, compounding fees, drug costs, co-payments or payments for pharmacy services provided to long-term care home residents.

3. How will the reconciliation adjustment be applied?

The adjustment will be applied each Ontario Drug Benefit (ODB) payment period (i.e., twice a month) for the duration of the temporary adjustment.

The Ministry of Health is committed to being transparent. Individual pharmacies will be informed of the amount being reconciled during each ODB payment period. Line items will appear on each remittance advice report regarding the amount reconciled, outlining adjustments for high-cost drug claims (i.e., \$1,000 or more) and low-cost drug claims (i.e., under \$1,000).

4. Why is the reconciliation adjustment being introduced?

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 announced the implementation of the reconciliation adjustment.

The reconciliation process is intended to be 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.

5. Who was consulted in the development of the reconciliation adjustment?

The Ministry of Health consulted with the Ontario Pharmacists Association (OPA) and the Neighbourhood Pharmacy Association of Canada (NPAC) to identify opportunities, including this temporary adjustment, to help make Ontario's public drug programs more

sustainable and able to continue providing eligible Ontarians with the drugs they need. The ministry will continue to consult with OPA and NPAC to identify longer-term solutions to improve sustainability and maintain patient care.

The regulatory amendments describing the reconciliation adjustment were also posted on the Regulatory Registry website for public consultation. The public consultation was open starting on October 28, 2019 and ending on November 30, 2019. Feedback from the public consultation included individual pharmacists, pharmacy students, pharmacy owners, and pharmacy organizations voicing their opinion on the proposed regulatory amendments. The responses received were considered in the internal government review.

6. Who will be affected by the reconciliation adjustment?

Pharmacy operators who submit claims to the Ontario Drug Benefit (ODB) program will be affected by the reconciliation adjustment. The changes should not impact individual pharmacists who are not pharmacy owners.

The change should not impact patient care. Pharmacists should continue to perform the same services under the ODB program and patients should see no change to the cost of their prescriptions.

7. How many pharmacies will be affected?

The reconciliation adjustment will affect all pharmacies submitting claims to the Ontario Drug Benefit program during a pay period except claims submitted by pharmacy service providers for long-term care home residents. There are upwards to 4,500 community pharmacies accredited in Ontario.

8. Will the cost associated with this temporary adjustment be passed on to the consumer?

Consumers are not expected to be impacted, and no reduction in pharmacy services or patient care is expected.

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