June 10, 2010

The Honourable Deb Matthews  
Minister of Health and Long-Term Care  
Hepburn Block, 10th Floor  
80 Grosvenor Street  
Toronto ON  M7A 2C4

via e-mail

Dear Minister Matthews:

**Re: Questions Regarding June 2010 Regulatory Amendments under ODBA and DIDFA**

This is to provide a list of questions we have received from members of our Associations related to the intent, scope and implementation of the changes announced by the Government on June 7. We would like to share these answers with our members at a special session of the Ontario Pharmacists’ Association to be held on June 17, 2010.

The changes to the regulations under both Acts are extensive, and pharmacists and pharmacies need clarification to ensure smooth, consistent implementation of the changes as they apply to community pharmacies across the province.

On behalf of our members, we request a meeting as soon as possible between our professional staff and yours to help us understand the intent and mechanics of the implementation of the issues in the attachment. In addition, we seek an opportunity for regular dialogue on these issues over the coming months post July 1, 2010 implementation and we suggest an implementation committee be formed. We expect that further implementation issues will be identified by practicing pharmacists as they begin to work with the many new changes to the Ontario Drug System.

We have organized our questions into the following categories in the attached:

(i) transition fee application  
(ii) variable dispensing fees  
(iii) professional services funding  
(iv) MedsCheck program  
(v) Generic drug pricing rules  
(vi) Ordinary Commercial terms

Most notably pharmacists are very concerned about current inventory valuation and the impact that the changes have on that stock. Our most immediate priority is to receive clarity on this critical concern.
June 10, 2010
The Honourable Deb Matthews

Re: Questions Regarding June 2010 Regulatory Amendments under ODBA and DIDFA

Page 2

Our offices will be in contact with yours to arrange a meeting at a mutually convenient time.

Sincerely,

Ben Shenouda
President
Independent Pharmacists of Ontario

Dennis Darby, P. Eng.
Chief Executive Officer
Ontario Pharmacists’ Association

Nadine Saby
President & CEO
Canadian Association of Chain Drug Stores

Attachment

cc: Mr. Saād Rafi, Deputy Minister, Ministry of Health and Long-Term Care
    Ms. Mary Lowe, Chief of Staff, Ministry of Health and Long-Term Care
    Ms. Pamela McDonald, Senior Policy Advisor, Ministry of Health and Long-Term Care
    Ms. Helen Stevenson, Assistant Deputy Minister and Executive Officer, Ministry of Health and Long-Term Care
QUESTIONS REGARDING REGULATORY AMENDMENTS UNDER ODBA AND DIDFA

TRANSITION FEE:
A transition fee will be provided to pharmacies between July 1, 2010 and March 31, 2013.

1. Should this value be submitted to the HNS system in the fee field, or the markup field, of the claims standard? When and how will software vendors be notified of these changes?

2. In all discussions with the ministry regarding potential and proposed changes to the drug program, the ministry identified that all of their numbers were inclusive of LTC pharmacy services. The generic pricing reduction and elimination of professional allowances applies to all pharmacies; why does the transition fee not apply to LTC pharmacy services?

3. Subsection 1(6) of the ODBA O. Reg 201/96 states that with respect to claims for methadone and LTC (referencing clause 18(8)(b)), the transitional fees do not apply. Therefore, only the increase to the base dispensing fee applies (along with its 2.5% annual escalator). Does this dispensing fee increase apply to both methadone capitation and regular methadone claims?

VARIABLE DISPENSING FEES:
Variable dispensing fees will be applicable to pharmacies effective July 1, 2010.

1. What is the timing and process to ‘categorize’ pharmacies for the purpose of applying the new dispensing fee schedule?

2. When and how will pharmacies be notified of these changes?

3. Are pharmacies providing services to residents included in Clause 18(8)(b) included in the categorization process?

4. How will remote dispensing affect categorization?

5. Will the HNS recognize the new fees (dispensing and transition) effective July 1? If not done by July 1st, how will the Ministry handle retroactive payments?

6. What is the appeals process if a pharmacy believes that it has been categorized incorrectly? In the event of a pharmacy that has been wrongly classified, how will retroactive reimbursement be processed?

7. If a new pharmacy opens, will re-categorization be done automatically in real time and who will be monitoring this process overall? Similarly, if a pharmacy closes in a community, through what process will the Ministry re-categorize the remaining pharmacy/pharmacies?

8. With remote dispensing regulations coming into place shortly, will remote dispensing locations be categorized with the existing pharmacy, or could variable fees exist for the remote location?
PROFESSIONAL SERVICES FUNDING:
We understand that the $100 million professional services allocation will be used between July 1, 2010 and March 31, 2011 to provide $75 million in transition fees paid on a per script basis for all ODB scripts, and $25 million in funding for services that will benefit rural communities.
1. Can the Ministry confirm that this is how the $100 million will be applied?
2. If a service that benefits a patient in a rural community would also benefit a patient in an urban community, can the service be offered and compensated for in an urban setting?
3. Will the $25 million allocation apply to just ODB recipients or all residents residing in rural communities (those covered by public or private drug plans, and those that pay cash for their prescriptions)?
4. When will specific details on rural services be published?
5. As the $75 million transition fee decreases over time, we assume that the differential funding would be applied to services that can be provided by any pharmacy, while the $25 million in funding for services benefitting rural communities would remain at the same level. Is this assumption correct?
6. When will full details, including patient criteria, geography criteria, list of services, effective dates, applicable fees and billing details be available for the $25M provision for other services that will benefit rural communities?
7. A new committee will be formed to advise on services that will be covered under the new professional services $100 million fund. Will the Ministry implement our recommendation expressed in our May 8, 2010 submission on regulations? That recommendation called for collaboration between pharmacy stakeholders and the Ministry, with support from pharmacy programs, academia, and pharmacy operational specialists, on the implementation and funding of professional services that are easily implemented, scalable, impactful and sustainable.

MEDSCHECK PROGRAM:
The MedsCheck program will be expanded to include initial and follow-up reviews for diabetics, quarterly medication reviews for resident in long-term care, and at-home reviews for patients who have difficult travelling to the pharmacy.
1. With respect to MedsCheck LTC, does this only apply to those residents identified in Clause 18(8)(b), or are there additional recipients identified?
2. Will MedsCheck LTC require a signature from one of the resident, the Power of Attorney, or an identified range of staff members at the facility?
3. What will the rate of compensation be for MedsCheck LTC and MedsCheck At Home?
4. What is the increase in compensation for MedsCheck Follow-Up consistent with the increase in annual MedsCheck?
**GENERIC PRICING (25% RULE):**

A list of exception products to the 25% price for interchangeable medications for ODBP beneficiaries will be established

1. How soon in advance of the July 1 implementation date will this list be available?
2. Will the HNS be set up to recognize these products effective July 1?
3. What is the mechanism to pay pharmacies based on their Actual Acquisition Cost, plus the 8% mark-up when a manufacturer invoices at a price higher than the listed benefit price?
4. There will be a significant amount of generic inventory on hand in pharmacies as of July 1. Will the Ministry implement a “washout” period for pharmacies to use up existing inventory at the higher cost using the same mechanics and process that was put in place by the Ministry in January 2007 when generic prices were reduced to 50% of brand?

**ORDINARY COMMERCIAL TERMS:**

1. Can you confirm that the regulations allow for a maximum of 10% to be negotiated between the manufacturer and the pharmacy regardless of any agreements in place between the manufacturer and the distributor?