

Notice: Reconciliation Adjustment Percentages for 2020/21 to Improve the Value of Pharmacy Payments

March 2, 2020

On January 1, 2020, Ontario Regulation 201/96 made under the Ontario Drug Benefit Act (ODBA) was amended to temporarily adjust the amount paid to pharmacies for supplying a listed drug product under the Ontario Drug Benefit (ODB) program.

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 temporary reconciliation adjustment (reduction) began January 1, 2020 and is made to the biweekly payments to pharmacies. Please refer to the previous *Notice: Amendments to Ontario Regulation 201/96 made under the Ontario Drug Benefit Act to Improve the Value of Pharmacy Payments* on the ministry's website from December 16, 2019 for further details:

http://www.health.gov.on.ca/en/pro/programs/drugs/opdp_eo/eo_communiq.aspx

The ministry is 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 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 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 April 1, 2020 to March 31, 2021, the reconciliation percentages will be as follows:

- **16% 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.**

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, valved holding chambers and flash glucose monitoring systems). 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

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