

Frequently Asked Questions:

Improving the value of how pharmacies are paid for pharmacy services to residents of Long-Term Care Homes

1. What are the changes to payment for pharmacies that provide pharmacy services to residents of Long-Term Care Homes?

Effective January 1, 2020, the ministry is changing the pharmacy payment model from a fee-for-service model to a fee-per-bed capitation model for primary pharmacy service providers. The differences in the two models are as follows.

- In the capitation model, primary pharmacy service providers to long-term care (LTC) homes are paid a sum each month that is based on the number of licensed beds in the LTC home served by the pharmacy. The monthly payment would remunerate pharmacy service providers for all prescription dispensing services and professional pharmacy services such as MedsCheck LTC, Pharmaceutical Opinion and Pharmacy Smoking Cessation Program provided for residents of the LTC home.
- In the fee-for-service model, pharmacy service providers to LTC homes are paid a fee through the ministry's Health Network System (HNS) for each prescription dispensed (subject to ministry policies) and each individual professional pharmacy service that is provided to a resident in the LTC home (MedsCheck LTC, Pharmaceutical Opinion Program, Pharmacy Smoking Cessation Program) if the patient meets criteria.

2. Why is the ministry changing the way pharmacies are paid for providing pharmacy services to long-term care homes?

There has been significant growth in the long-term care home sector. As of April 2018, there were almost 78,000 long-stay and convalescent care beds in Ontario and the Ministry of Health announced the approval of an additional 15,000 new long-term care home beds over the next 5 years. Without any changes to the payment model for pharmacy payments, the addition would result in additional government costs of approximately \$30 million per year. In order to help Ontario's Public Drug Programs to remain sustainable, the ministry is

implementing a new payment model for pharmacy services provided to LTC home residents.

3. Why has the ministry chosen to change to a capitation model as a cost savings measure versus another method of saving costs?

In 2017, the Ontario Auditor General reported that dispensing fees paid for prescriptions dispensed long-term care home residents are about four times higher than the average dispensing fees paid for seniors living in the community. They also reported that compared to other Canadian jurisdictions, Ontario pays significantly more per LTC home resident than the provinces with a capitation model. However, resident outcomes are not significantly better in Ontario than what would be expected with the additional spending.

Following the 2019 Budget announcement that included reforms to pharmacy reimbursement, the ministry engaged with the pharmacy sector to consider proposals to achieve savings targets. These proposals have been approved and will be implemented as of January 1, 2020.

4. What is the difference between a primary and secondary pharmacy service provider to residents of LTC homes?

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.

5. How much will pharmacy service providers to LTC homes be paid under the capitation model?

The primary pharmacy service provider will be paid an annual fee-per-bed (in monthly allotments) over the next four years as follows:

- \$1500 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)

6. Will residents of LTC homes continue to pay a \$2.00 co-payment?

No. Effective January 1, 2020, the \$2 copayment has been eliminated for all residents of LTC homes for eligible Ontario Drug Benefit (ODB) claims submitted through the HNS.

7. What types of homes are included in the definition of a “Long-term care home” and which settings would the capitation model impact?

The capitation model would apply only to pharmacy services provided by primary pharmacy service providers to residents of LTC homes under the *Long-Term Care Homes Act, 2007* (LTCHA). Under the LTCHA, a LTC home, is a place that is licensed as a home under the LTCHA, and includes municipal homes, joint homes, or First Nations homes approved under Part VIII of the LTCHA. Retirement homes, group homes, supportive housing, hostels and hospices are not included as they are not licensed under the LTCHA.

8. As a pharmacist, will I continue to provide MedsCheck services for residents of LTC homes quarterly and annually?

The per-bed capitation fee was established based on all medication dispensing and professional pharmacy services conducted by the pharmacy service providers. As a requirement for funding under the capitation model, 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.

Pharmacists are expected to provide medication management services to residents of LTC homes as per the Standards of Practice¹ and in collaboration with the LTC home health-care team. As required under Ontario Regulation 79/10 under the *Long-Term Care Homes Act, 2007*, LTC homes must include primary pharmacy service providers in medication management. The per-bed capitation fee includes reimbursement for medication management services (MedsCheck LTC Annual, MedsCheck LTC Quarterly, Pharmaceutical Opinion Program and Pharmacy Smoking Cessation).

Pharmacies will no longer submit claims through the HNS for MedsCheck LTC (both annual and quarterly medication reviews). The PINs will be discontinued

Note: Claims for POP and Smoking Cessation professional services provided to residents of LTC homes will no longer be eligible for HNS claims submission as payment for these services is included as a portion of the capitation payment. Overpayments due to inappropriate claim submissions are subject to recovery.

¹ Standards for Pharmacists Providing Services to Licensed Long-Term Care Facilities. Ontario College of Pharmacists, January 1, 2007 (<https://www.ocpinfo.com/regulations-standards/standards-practice/standards-for-pharmacists-providing-services-to-licensed-long-term-care-facilities/>) accessed 2019-10-04.

9. Will the Professional Pharmacy Services Guidebook, 3.0 be updated to include the changes to professional services under the LTC capitation model?

At this time of transitioning from the fee-for-service to the fee-per-bed capitation model in the LTC sector, the *Professional Pharmacy Services Guidebook 3.0* has not been updated to reflect the changes to the LTC capitation model. Pharmacies will no longer submit claims through the HNS for MedsCheck LTC Annual and Quarterly reviews as per alignment with the capitation model. Primary pharmacy service providers are expected to conduct medication reviews for LTC home residents and could follow the same guidelines as outlined in the Guidebook.

As outlined in the *Policy for Pharmacy Payments under the Long-Term Care Home Capitation Funding Model, 2020*, the PINs associated with the MedsCheck LTC reviews will be discontinued and claims for providing services under the Pharmaceutical Opinion Program or Pharmacy Smoking Cessation to LTC home residents should not be submitted through the HNS for reimbursement and overpayments due to inappropriate claim submissions are subject to recovery.

The *Ontario Drug Programs Reference Manual* will reflect the changes to the LTC home capitation funding model and Policy. The *Professional Pharmacy Services Guidebook 3.0* will be updated at a later date.

10. How will Ontario Drug Benefit prescription claims be submitted by the LTC home pharmacy service provider through the Health Network System under the capitation model?

Pharmacy service providers will submit ODB-eligible claims for LTC home residents through the HNS as per the normal process for claim submissions. A valid LTC agency ID number (ODP number) must be included as part of the claim submission for LTC residents. Failure to do so could result in a rejection by HNS with response code “31”- **Group Number Error**. Pharmacies will continue to be reimbursed for the ODB allowable drug cost, applicable mark-up and compounding fee (if applicable) however, the dispensing fee will be zero.

11. I work in a pharmacy that provides back-up/emergency prescription dispensing services to residents of LTC homes, what will be the process for a secondary pharmacy service provider when submitting Ontario Drug Benefit claims under the capitation model?

Secondary pharmacy service providers (which is a community pharmacy that may dispense a prescription for a LTC home resident for emergency prescriptions) will continue to receive a dispensing fee based on the pharmacy location. (i.e., \$5.57 for most community

pharmacies and a range from \$6.67 to \$9.99 for rural pharmacies). The patient copayment will be zero and is reflected in the pharmacy portion of the dispensing fee. Secondary pharmacy service providers will undergo a 2-step process for ODB claims submissions:

- i. Follow the same process as the primary pharmacy service providers when submitting ODB-eligible prescription claims for residents of LTC homes (i.e., including the ODB allowable drug cost, applicable mark-up and compounding fee – if applicable the dispensing fee is zero).
- ii. Submit a second claim for the dispensing fee portion using the applicable PIN based on rurality.

Refer to Table 1 for the dispensing fee PINs to be used by secondary pharmacy service providers submitting claims for LTC home residents. Secondary pharmacy service providers must ensure documentation of the dispensing fee is cross-referenced with the prescription drug claim to which it relates.

12. What is the expected change for pharmacists regarding medication management for residents in LTC homes?

While the changes are an important step in establishing a sustainable pharmacy payment model and achieving significant savings in the short-term, the expectation is that the changes will provide the opportunity to develop longer-term solutions to pharmacy payment.

The change is also expected to focus resources on strengthening a solid medication management system in long-term care homes through the work of skilled professionals like pharmacists and pharmacy technicians. Pharmacies will be able to focus on improving patient care by deprescribing and helping to reduce the use of unnecessary medications in collaboration with the health care team of the LTC home.

13. Will claims for residents of LTC homes be subject to the Reconciliation Adjustment process?

No. Claims for LTC home residents, including those submitted by secondary pharmacy service providers, will be exempt from the Reconciliation Adjustment process that will be implemented on January 1, 2020 that impacts all other ODB claims submitted for reimbursement.

14. How will the capitation payment be paid to the primary pharmacy service provider that is contracted with the LTC home?

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 LTC home beds at each 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 month will receive the capitation payment for that LTC home at the end of the next 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.

15. How will the ministry know which pharmacy service provider is contracted with the LTC home and subsequently 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 the “Attestation Form to Receive Capitation Payments as a Primary Pharmacy Service Provider”.

If you did not receive an attestation form or you have entered into a new pharmacy service contract with a LTC home, you must complete an “Attestation / Notice of Change in LTC Home Primary Pharmacy Service Provider Form” located on the ministry’s website at: http://www.health.gov.on.ca/en/pro/programs/drugs/opdp_eo/eo_communiq.aspx

Forms must be emailed to ODBLTCcap@ontario.ca with 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

16. What is the process for notifying the ministry when the LTC home changes its pharmacy service provider?

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 “Attestation / Notice of Change in LTC Home Primary Pharmacy Service Provider Form” located on the ministry’s website at:

http://www.health.gov.on.ca/en/pro/programs/drugs/opdp_eo/eo_communiq.aspx must be emailed to ODBLTCcap@ontario.ca.

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. Failure to notify the ministry may result in a delay of payment.

If a pharmacy operator receives a capitation payment for which they are not entitled – i.e., a capitation payment is made to a pharmacy who 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.

Please refer to the **EO Notice: Policy for Pharmacy Payments under the Long-Term Care Home Capitation Funding Model, 2020** posted on the Executive Officer Communications website for further details:

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

17. How will I know what my monthly capitation amount is? When will I receive it?

The monthly capitation payment a primary pharmacy service provider will receive will be based on the number of licensed LTC home beds in the LTC homes they have contracts with on the last day of the previous month.

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

Capitation payment dates will follow 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).

Submitting ODB claims for residents of LTC homes under the capitation model

- Primary and secondary pharmacy service providers will submit ODB-eligible claims through the HNS as per the normal process for claim submissions. No dispensing fee will be paid. The dispensing fee will be zero.
- A valid LTC agency ID number (ODP number) must be included as part of the claim submission for LTC residents. Failure to do so could result in a rejection by HNS with response code “31”- **Group Number Error**.
- Secondary pharmacy service providers will submit a second claim for each ODB-eligible drug product claimed/dispensed in order to be paid their dispensing fee. The second claim must be submitted the same day as the initial claim submission. For each claim, secondary pharmacies will 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 Service Provider PIN that documentation is cross-referenced with the drug claim to which it relates.
- Claims for dispensing fees using the PINs may only be submitted for residents of LTC homes by the secondary pharmacy providing emergency prescriptions.

Table 1: Secondary pharmacy service provider PINs for assigned dispensing fee

The following PINs will be used for the dispensing fee claim for LTC home residents depending on the location of the pharmacy:

Accredited Pharmacy Type*	Dispensing Fee**	PIN
1. For most pharmacies & Hospital Outpatient Dispensary Fee	\$5.57	09857623
2. When there is only one pharmacy within 5kms, OR when the nearest pharmacy is within 5 to 10 kms	\$6.67	09857624

3. When the nearest pharmacy is within 10 to 25kms	\$8.88	09857625
4. When there are no other pharmacies within 25kms	\$9.99	09857626

* For Pharmacy Type 2, 3 and 4 above: 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 will follow 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 by the secondary pharmacy service provider for each eligible drug product dispensed is a temporary process while enhancements to the HNS are completed.

** No copayment will 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).