

Notice from the Executive Officer
Professional Allowance Reporting: January 1, 2008 to June 30, 2008

This is in follow up to the communication of March 6, 2008 detailing the reporting framework for January 1 to June 30, 2008. The process for submitting the reports are provided below. Included is a question and answer document based on questions that have been submitted to the ministry.

Reporting requirements:

Reports for the period of January 1 to June 30, 2008 must be submitted not later than August 31, 2008. All reports must be submitted using the templates provided on the ministry's website:

Professional Allowances Reporting Template for Pharmacies:

http://www.health.gov.on.ca/english/providers/program/drugs/opdp_eo/notices/notices_docs/da_pharma_template_20080306.xls

Professional Allowances Reporting Template for Drug Manufacturers:

http://www.health.gov.on.ca/english/providers/program/drugs/opdp_eo/notices/notices_docs/da_manufacturer_template_20080306.xls

Complete reports must be submitted by e-mail to the ministry's Professional Allowance Reporting Repository (PARR) at:

PARR.MOH@ontario.ca

The ministry is working towards an automated submission process and will be providing further details in Fall 2008. To facilitate this process we are requesting that pharmacies and manufacturers use the following format to name the e-mail when submitting the template:

E-mail subject line

Please use the following subject line when submitting PARR reports:

- i) Individual pharmacies should include Pharmacy ID i.e., ON number
Subject: PARR Submission – ON#####
- ii) Chain/Head Office submitting on behalf of a group of pharmacies should include the Chain ID as noted below
Subject: PARR Submission – Chain ID

Pharmacies that are submitting a consolidated report that do not have a chain or head office ID should contact the ministry by e-mail (PARR.MOH@ontario.ca) to request an ID for reporting purposes.

- iii) Manufacturers should include the manufacturer ID as noted in the monthly reports
Subject: Parr Submission – Manufacturer ID

Questions and Answers

Compliance Packaging

Question #1:

If a pharmacy provides services to long term care residents as a portion of their sales would only a portion of their machinery costs be claimed as an acceptable professional allowance use? For example, if a LTC claims accounted for 65% of total sales, would only 65% of the machinery costs be applicable?

Answer #1:

The portion of the machinery costs that are applicable as a professional allowance use would be based on the portion of ODB claims processed by the machinery. For example, if the machinery is only used to dispense LTC claims, than 100% of the cost may be allocated as a professional allowance use. If only 65% of the claims are associated with LTC claims or ODB claims where the prescriber has directed lower quantities to be dispensed, then only 65% of the costs may be allocated as a professional allowance use.

As noted in the March 6 communication:

“For Ontario Drug Benefit claims, professional allowances may be used to support the cost of compliance packaging for dispensing prescriptions to long-term care home or where the prescriber has directed, in writing, on the prescription that a reduced quantity may be dispensed and the pharmacist has dispensed the product in compliance packaging.”

Question #2:

Are staffing costs associated with running the dispensing machines an eligible professional allowance use?

The March 6 notice states that compliance packaging “costs include capital costs for LTC compliance machines e.g., dispensing machines, component and running costs for dispensing machines.”

Answer #2:

Professional allowances may be used for staffing costs associated with running the compliance packaging machines.

Pharmacy staffing costs may only include actual wage/salary costs, statutory and health and dental benefits, as well as bonus payments (on an interim basis) as noted in the March 6 notice.

Question #3:

Are costs associated with compliance packaging for non-ODB recipients allowed as a professional allowance use under the reporting framework?

Answer #3:

Yes. Pharmacies that have non-ODB clients are allowed to use professional allowances to support the cost of compliance packaging for this group of clients, provided the costs are in line with the regulations and the Notice of March 6.

Only those costs associated with ODB claims are to be included in the reporting template.

Pharmacy Staffing Costs**Question #4:**

As a part owner and manager of a pharmacy, I am currently not drawing a salary from the company. If I am the only staff pharmacist in the dispensary, can I still allocate a portion of the professional allowance monies received to my time as a pharmacist even though I am not receiving a paycheque?

Answer #4:

A portion of the professional allowance monies may be allocated as a pharmacy staffing cost in this situation. Professional allowance monies that are used to support pharmacy staffing costs for patient care activities, including patient counselling, may be reported as part of the "Pharmacy Staffing Costs" use category in the reporting template.

Pharmacy staffing costs may only include actual wage/salary costs, statutory and health and dental benefits, as well as bonus payments* (on an interim basis). As an example, recent wage and benefit surveys indicate \$45 to \$60 hourly wage for pharmacists and managers.

* Bonus payments, such as employee retention bonuses, may be included in the pharmacy staffing cost calculation, but must be reported as a separate line on the reporting template. Bonuses payments used for discretionary items such as cars, trips, etc. may not be included.

Question #5:

As a pharmacy chain, are we required to come up with our own standard cost allocation for tracking a pharmacist's time spent on direct patient care activities, or is the 45% included in the March 6 notice a standard that the ministry accepts? Can either the 45% standard or our own standard be applied to all pharmacies in our chain?

Answer #5:

Pharmacies are required to track their own standard costs for reporting professional allowance use. The 45% amount was an example based on public reports for pharmacist's time spent on direct patient care activities. Pharmacies must be able to validate how the standard cost was calculated for audit purposes.

If the level of activity is similar for all pharmacies, or an average percentage is calculated, it can be applied to all pharmacies in a chain.

Question #6:

Are pharmacies allowed to use a combination of standard and actual cost reporting?

Answer #6:

Yes. Pharmacies may use actual costs, standard costs or a combination of both costs. Pharmacies must be able to verify the information contained in the reporting templates in the event of an audit.

If a combination of actual and standard costs, documentation to support an audit needs to clearly state how the actual and standard costs were used and the assumptions used in the standard cost calculations.