

# **Executive Officer Notice: Amendments to Policy for Pharmacy Payments under the Long-Term Care Home Capitation Funding Model, 2020**

**Effective September 27, 2021**

## **Overview**

On January 1, 2020, the ministry replaced the fee-for service payment model to primary pharmacy service providers (PSPs) that provide medication dispensing and professional pharmacy services for residents of Long-Term Care (LTC) homes with a fee-per-bed capitation payment model. The primary PSP is paid an annual fee-per-bed on a monthly basis.

All pharmacies submitting Ontario Drug Benefit (ODB) eligible claims for LTC home residents continued to be reimbursed for the ODB allowable drug cost, applicable mark-up and compounding fee (if applicable). However, the dispensing fee is zero. At the time of implementing the capitation payment model, the \$2 copayment was also eliminated for all LTC home residents for eligible ODB claims.

Secondary PSPs that provide additional and/or emergency prescription claims to residents of LTC homes continued to receive a dispensing fee (\$5.57 for most retail locations and a range from \$6.67 to \$9.99 for rural pharmacies) by submitting a second HNS claim using the PIN that is assigned to the dispensing fee applicable to the pharmacy. The submission of 2 claims by the secondary PSP for each eligible drug product dispensed was intended to be a temporary process while enhancements to the HNS were completed. The primary purpose of this Executive Officer (EO) Notice is to announce changes to the claim submission process for secondary PSPs.

A secondary purpose of this Executive Officer Notice is to announce minor changes to the appearance of the LTC capitation adjustment amount on primary PSPs' ODB Summary Remittance Advice reports.

**Background**

As a precondition to obtaining billing privileges under the Ontario Drug Benefit Act (ODBA), all pharmacy operators are required to enter into a Health Network System (HNS) Subscription Agreement with the Executive Officer. Under section 3.2 of the HNS Subscription Agreement, pharmacy operators are required to comply with all Applicable Law, Ontario College of Pharmacists Rules, and Ministry Policies.

The Executive Officer of the Ontario Public Drug Programs of the Ministry of Health (the “Ministry”) established a Policy, effective January 1, 2020, regarding payments made to pharmacies for supplying listed drug products or listed substances and providing professional services to residents of long-term care (LTC) homes (the “Policy”). The Policy is set out in the [EO Notice on the Policy for Pharmacy Payments under the Long-Term Care Home Capitation Funding Model, 2020 \(the “December 2019 EO Notice”\)](#) and accompanying documents posted on the Ministry’s [website](#) on December 16, 2019 and published in the [Ontario Drug Programs Reference Manual](#) (the “Manual”).

Except for the changes described in this EO Notice effective September 27, 2021 and the [Amendments to Policy for Pharmacy Payments under the Long-Term Care Home Capitation Funding Model, 2020](#) effective April 1, 2021 which provided changes to the annual capitation fee structure, the Policy remains in effect and all other conditions set out in the Manual, the December 2019 EO Notice and accompanying documents posted on the Ministry of Health’s website on December 16, 2019 continue to apply. Please refer to these documents for additional information.

**Changes to the Policy**

Effective September 27, 2021, the claims submission process will change for secondary PSPs (i.e., pharmacies that do not have a contract with the long-term care (LTC) home) that provide additional and/or emergency prescriptions to residents of LTC homes. Instead of submitting a second claim for each ODB-eligible drug product claimed/dispensed with the corresponding PIN for the dispensing fee, secondary PSPs will submit an intervention code in order to be paid their corresponding ODB dispensing fee. The updated claims submission details are noted below.

The following LTC home Secondary Pharmacy Service Provider Dispensing Fee PINs will be discontinued effective September 27, 2021:

- 09857623 = for most pharmacies and hospital outpatient dispensaries
- 09857624 = when there is only one pharmacy within 5kms or when the nearest pharmacy is within 5- 10kms
- 09857625 = when the nearest pharmacy is within 10-25kms
- 09857626 = when there are no other pharmacies within 25kms

In addition, the LTC capitation adjustment amount for primary PSPs will appear as a single line adjustment on the pharmacy's ODB Summary Remittance Advice (RA) report (even if the amount is greater than \$99,999) as: Adjustment Type: "14 – Long Term Care Capitation Payment" and Transaction Code: "A2 – Ministry Initiated Batch Adjustment". Previously the adjustment appeared as two or more lines if the amount was greater than \$99,999.

Capitation payment dates continue to follow the 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).

All other requirements under the Policy remain the same.

## Claims Submission

- Primary PSPs must submit ODB-eligible claims for LTC home residents through the HNS as per the normal process for claim submissions<sup>1</sup>. No dispensing fee will be paid.
- A valid LTC agency ID number (ODP number) must be included as part of the claim submission for LTC home residents. Failure to do so could result in a rejection by HNS with response code "**31**"- **Group Number Error**
- Secondary PSPs must submit ODB-eligible claims for LTC home residents with an intervention code "**LT – LTCH Disp. Fee Payment for Emergency Rx**" in order to be paid their corresponding ODB dispensing fee of \$5.57 (or ODB rural fee if applicable).
- The PINs previously used by secondary PSPs to submit the second claim for a dispensing fee will be discontinued. Any claim using these PINs will be rejected with the response code "D2 – DIN/PIN/GP # is discontinued".
- No copay is to be collected from the LTC home resident. The co-pay portion of the dispensing fee has been removed.
- All other claim requirements remain the same.

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<sup>1</sup> For information on regular claims submission procedures please refer to the [Manual](#).

## Restrictions and Exemptions

- Claims for LTC home residents submitted by the primary PSP cannot be submitted with the intervention code “LT”.
- Claims for LTC home residents will continue be exempt from the dispensing fee rules 2 fees/28 days and 5 fees/365 days.
- All other HNS rules and Ministry Policies remain the same.

### **Additional Information:**

For the complete Policy, please see the materials posted on December 16, 2019 and January 15, 2021 on the following website:

[https://www.health.gov.on.ca/en/pro/programs/drugs/opdp\\_eo/eo\\_communiq.aspx](https://www.health.gov.on.ca/en/pro/programs/drugs/opdp_eo/eo_communiq.aspx)

For the Ontario Drug Programs Reference Manual, please access the Ministry website at:

[http://health.gov.on.ca/en/pro/programs/drugs/resources/odp\\_reference\\_manual.pdf](http://health.gov.on.ca/en/pro/programs/drugs/resources/odp_reference_manual.pdf)

### **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