

1) Tiered Framework for Drug Mark-Up

- The current framework for drug mark-up provides 8% of the drug benefit price for drugs with costs under \$1,000 and 6% of the drug benefit price for drugs with costs of \$1,000 or more. The proposed regulatory amendments, if approved, would introduce a new tiered framework with four tiers to determine the mark-up percentage per claim, as shown in the chart below.

Drug Cost	Mark-Up Percentage	Percentage of Claims (2017/18)
Less than or equal to \$100.00	10%	94%
\$100.01 - \$200.00	8%	3.7%
\$200.01 - \$500.00	6%	1.7%
Greater than \$500.00	4%	0.7%

- The proposed new framework is expected to better support pharmacies by increasing the mark-up for lower cost high volume medications such as generics and reduce the mark-up for more expensive medications.

2) Setting a standard amount to be paid for pharmacy services provided to long-term care home residents.

- The proposal, if approved, would eliminate the dispensing fee paid by the ministry for drugs dispensed by a pharmacy service provider retained by a long-term care home for residents of the home, and replace it with a standard fee per bed for all publicly funded pharmacy services (i.e. professional fees). The fee would be introduced in 2019/20 at \$1,800 per bed per year and decrease by \$200 annually until 2022/23 when the fees would be capped at \$1000.
- As reported by the Ontario Auditor General in 2017, dispensing fees for long-term care home patients are about four times higher than the average dispensing fees for seniors living in the community, approximately \$1,800/patient versus \$400/patient, respectively in 2015/16.
- In other jurisdictions, capitation models are used to pay for dispensing of drugs to long-term care home recipients. The Ontario Auditor General reported that using the capitation model in British Columbia (\$43.75/bed/month) would save approximately \$149M in Ontario. Ontario would still have the most generous reimbursement model amongst Canadian jurisdictions.

- In Ontario there are over 4,300 pharmacies and over 16,100 registered pharmacists working in a variety of settings including community pharmacies.
 - 3.1% average annual growth in the number of pharmacies over the last 5 years (2013/14 to 2017/18).
 - Since 2008/09, the numbers of active pharmacies registered under the Ontario Drug Benefit program has increased by over 35%.
 - Total payments to pharmacies for Ontario Drug Benefit program dispensing and professional pharmacy services has increased by over 65% since 2008/09.